

The Relevance of Accounting Information Practice on Small and Medium Scale Enterprise (SMEs) in Nigeria: A Theoretical Appraisal

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ABSTRACT: *This study theoretically reviewed the relevance of accounting information practice on SMEs in Nigeria. Accounting information is to provide high quality financial reporting. The qualitative characteristic of any accounting information system (AIS) can be maintained relative to ensuring the achievement of its operational goals and performance. This paper adopted library and theoretical literature survey approach and employed quotient research analysis with the use of secondary publications. The study identified SMEs as a catalysts instrument for economic growth and development. It noted that the ineffectiveness of AIS is the bane behind premature collapse of SMEs in Nigeria. The paper observed that proper AIS has enhanced SMEs success and provided requisite information support needed. The paper also noted that AIS has provided the basis for making strategic decision and understanding the accuracy of financial situation of SMEs in Nigeria. It therefore concludes that SMEs have the capacity to turning it fortune through AIS. Hence, studies have showed that financing options require information system that involves objectivity. However, those saddled with the responsibility of mentoring, nurturing as well as revamping SMEs in Nigeria should task them to adopt proper AIS and rescind from encouraging SMEs with credit facilities and other products alike if proper AIS is not maintained.*

KEYWORDS: SMEs, accounting information, system, practice, performance measure, quality financial reporting, dynamism and flexibility.

INTRODUCTION

Accounting information is the result of accounting data which have passed through processes. It is an orderly, efficient scheme for providing accurate financial information and controls. This shows relevant book of records, vouchers, files and related supporting data emanating from the application of accounting process (Abdullahi, 2014). The design of documents and transaction flows through an organization system and which is very crucial (Nicoloaou, 2000). AIS is both computer based system that increases control and enhances corporate goals. The qualitative characteristic of any AIS can be maintained relative to ensuring the achievement of operational goals and performance. The main function of AIS is to assign quantitative value of the past, present and future economics event (Wilkinson, Corullo, Raval, & Wongon-Wing, 2000). Management of personnel, use of accounting information and financing options are areas that need serious and effective management and survival of small business (Okoh & Uzoka, 2012). Accounting information therefore is expected to guide investors and creditor in making good decision on their investment and credit processes to the firms.

However, the primary objective of accounting information is to provide high quality financial reporting. SMEs with high quality information may provide an avenue of making quality decision (International Accounting Standard Board [IASB], 2008). A sound decision will be made depending on the quality of information content, contain on the financial statement as given by the management (Umar, 2018). Accounting information therefore, represent critical tool for recording, analyzing, monitoring and evaluating the financial condition of companies as well as preparation of documents necessary for tax purposes, providing information support to many other organizational functions thereby making them understand the accuracy of financial situation of the organization and used as the basis of making strategic decisions (Amidu, Effah & Abor, 2011).

Accounting practice should ideally be tremendously constant, since many business transactions must be dealt with in exactly the same way in order to prepare consistently reliable financial statements. A proper accounting practice enhances business success. Businesses are expected to maintain proper books of account and prepare financial statements that show a true and fair view of the business's financial affairs. The success or failure of any business depends on keeping accurate and timely accounting information to give a clear financial business image (Ankrah, Mensah & Ofori-Atta, 2015). SMEs accounting practices is to be those methods by which its accounting policies are implemented and adhered to on routine basis typically by an accountant or a team of accounting professional (Pavtar, 2017).

SMEs are seen therefore as backbone of all economies and are a key source of economic growth, dynamism and flexibility. This is because, its impact covers a large segment of the economy from the very common people including ordinary artisan at the grassroots level of the society. SMEs are

generally distinguished by the nature of their production and management arrangements, trading relationships, financial practices and internal competence and so on (Umanhonlen, Okoro-Okoro & Umanhonlen, 2018). They are often the main driving force of a country's economic growth and development (Okechi & Kepegham, 2013). The benefits of the SMEs in an economy cannot be over emphasized. The relative importance has led developed and emerging economies of the world to recognized the enormous role and contribution to growth and development by SMEs (Oladipupo & Ajape, 2013), and would continue to lead to a reconsideration of the role of SMEs in the economy of Nations.

The development of many countries is often measured by such indices as the level of industrialization, modernization, urbanization, gainful and meaningful employment for all those who are able and willing to work, income per capital, equitable distribution of income, and welfare and quality of life enjoyed by the citizens (Aremu & Adeyemi, 2011). In Nigeria, SMEs is define and classified by the Small and Medium Sized Development Agency of Nigeria (SMEDAN) as a micro enterprise of a business with less than 10 People with an annual turnover of less than ₦5, 000,000. 00; a small enterprise as a business with 10 – 49 people with an annual turnover of ₦5 to ₦49, 000,000.00; while a medium enterprise as a business with 50 – 199 people with an annual turnover of ₦50 to ₦499,000.00. On the other hand, Department of Business, Enterprise and Regulatory Reform Agency (BERR, 2009) classifies them as Micro Firm: 0-9 employees; Small Firm: 0-49 employees; while Medium Firm: 50-249 employees; and Large Firm over 250 employees respectively.

The role played by SMEs is vital and significant in employment and income generation, producing import substituting products, mitigating rural urban drift and mobilization of local resources (Abanis, Arthur & Derick, 2013). The important roles of SMEs can best be sustained through the implementation of fundamental financial and accounting practices. Many SMEs failed to keep adequate accounting records to generate the much needed accounting information that owners, managers and users require for their decision making purposes which leads to major problem (Zotorvie, 2017). Business decisions against this backdrop need to be supported by good and quality financial information which needs to be relevant, user friendly and available in a timely manner (Abdulrasheed, Khadijat & Oyebola, 2012). Except for statutory demands, SMEs hardly give serious thought to the process of sound accounting.

The inadequacy and ineffectiveness of accounting processes have been responsible for untimely collapse of a host of them (Aremu & Adeyemi, 2011). Apparently, accounting information is used to assess the profitability of alternative courses of action, measure performance and evaluate the position of enterprises in term of profitability, liquidity, activity and leverage (Abusomwan *et al.*, 2016), thereby used to improve SMEs performance. Hence this paper theoretically appraised the relevance of accounting information practice on SMEs in Nigeria. The rest of the theoretical study will be structured as follows: Section two deals with the concept of AIS, the third section is on the

concept of SMEs; the fourth section discusses reviewed theories while the fifth section reviewed prior studies and fifth section is the conclusions aspect of the paper.

Concept of Accounting Information System

Accounting information system (AIS) have been perceived as a means of providing financial information to organization (Mia, 1993). According to Haitham, Khairul, Ruhanita, Yusasniza, and Dauwed, (2019), AIS is one of the modern Information Systems (ISs) with great potential to influence enterprise performance. Information system has been widely used by many corporations to automate and integrate business operations (Saira, Zariyawati & Annuar, 2010). AIS in an organization played an important role in helping organizations adopt and support strategic positions (Rosa & Purfini, 2019). AIS refers to collecting, storing and processing of financial and accounting data to help managers make planning, controlling and evaluating decision (Emeka-Nwokeji, 2012). On that note, experiences may resemble an experiential difference that renders each of them unique and special (Yu, 2020).

AIS is a technical tool that uses the information technology (IT) or information systems (IS) element to aid in directing the monetary and economic functions of the organizations (Hosain, 2019). Urquia, Perez and Munoz (2011) seen AIS as a system used to record the financial transactions of a business or organization. They admitted that this system combine the methodologies controls and accounting technology to track transactions, provide internal and external reporting data, financial statements and trend analysis capabilities. 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 of production, marketing, human resources management and strategic planning (Harash *et al.*, 2014). Nicolau (2000) described AIS as a computer based system that increases control and enhances cooperation in the organization.

Accountants recognize the need for AIS to be able to capture input from non-accounting evidence in order to support input from financial information for improved business decision (Brecht & Martins, 1996). Perez, Raquel and Clara (2011) conducted a study to test the impact of AIS on performance measures and revealed positive relationship between SMEs for a better performance measures. Lallo and Selamat (2014) defined AIS as a system that processes data and transactions to provide users with information. Thus, need to plan, control and operate their businesses. Accounting information is the result of accounting data which have passed through processes (Abdullahi, 2014). Businesses whether in the private or public sector irrespective of its nature or scale requires accounting information to enable such business make an informed financial decision which are necessary for sustainable economic development of such businesses. Build up AIS required to integrate management's requirements for planning, control and decision making. AIS is therefore germane to organization survival (Akanbi, & Adewoye, 2018).

These AIS are significantly enabled through computer technologies and are often designed in accordance with techniques relevant to achieve qualitative decision-making objective as key success business drivers. Information provided by computerized accounting systems must possess the basic attributes recognized under any Generally Accepted Accounting Principles (GAAP) as those of any good accounting information (Oladipupo & Ajape, 2013). AIS is a computer based system that increases the control and enhances the corporation in an organization (Daw & Susan, 2015). Companies are able to adjust their computerized techniques of internal control mechanism. Ensuring the reliability of financial information processing and boast the control measures of effectiveness of the financial information reliability. Onaolapo and Odetayo (2011) indicated that AIS has a significant effect on organizational effectiveness on study conducted among construction companies. Saira, Zariyawati and Annuar (2010) acknowledged that many organizations adopt the information system to improve their organizational efficiency and increase competitiveness ability whereby increases management commitment and improves information system effectiveness. So, management commitment is engaging in maintaining behaviour that others achieve their goals. The function of AIS is to assign quantitative value of the past, present and future economics events. The qualitative characteristic of AIS maintained with a sound internal control system.

Accordingly, international accounting standard board for the preparation of financial statement (IASB) framework in paragraph 26 says information is relevant when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming or correcting their past evaluations (Lawani, Umanhonlen and Okolie, 2015). Financial accounting statement board concepts statement No. 2, qualitative characteristics of accounting information paragraph 47 says that to be relevant accounting information must be capable of making a difference in a decision by helping users to form predictions about the outcomes of past, present and future events or to confirm or correct expectations. The benefits of AIS is seen from its impact on improvement of decision making process, quality of accounting information, performance evaluation, internal controls and facilitating company's transaction (Sajady, Dastgir & Hashem, 2008). Omar and Ali (2012) found that there is no relationship among variable of interest for a study conducted on the impact of AIS in planning, controlling and decision making processes. Islam, Khan, Obaidullah and Alam (2011) referred to it as perceiving of user information satisfaction to decision making and monitoring when company has coordination and control with information that is produced from AIS. Onah (2011) posits that fundamental accounting information provides SMEs owners and managers with the basic skills required by a person to function competently, confidently and successfully in the process of carrying out one's function of recording daily business transactions including skills in bookkeeping, purchasing, supplying, bargaining, determining labour costs simple budget and keeping of accurate receipts and payments and knowledge of prudent financial and working capital management.

Muhindo, Maurine and Zhou (2014) conducted a study which revealed a positive signs between accounting information and profitability level of SMEs. Meaning, most small scale business do not have AIS. Hence, result to low performance levels. Osuala (2009) agreed that fundamental accounting information is very imperative for sustainable business. The non-possession of this accounting information by SMEs constituted a problem such that the chances of survival of the business are slim and the probabilities of imminent failure or collapse become eminently high. The strategic importance of using AIS showed that the use of accounting information can be linked to the success or failure of a small or medium enterprise (Amidu, Effah & Abor, 2011). Thus, for SMEs to survived owners and managers need update accurate and timely accounting information (Amidu, 2005). The increasing dependency on information technology is the need to improve business efficiency (Lallo & Selamat, 2014). Considerable evidence among SMEs is that financial accounting has remained the principle source of information for managers (Saira *et al.*, 2010). The use of AIS therefore played an important role hence contributes immensely to company's value added by providing internally generated input such as financial statements that help make better strategic plan (Sori, 2009). Ismail and King (2007) conducted a study which revealed that the use of AIS will be more efficient if the systems implementation is new information systems with the SMEs' performance.

It follow therefore that AIS has greatly been enhanced with the use of computer technology. Computer technology has increased the use of information in the area of analyzing massive amount of data and in producing accurate and timely reports (Olamide & Adeyemi, 2016). Information and communication technology (ICT) has also occupied a major area in accounting information system. The networking environment, internet, credit card facilities, point of sales systems, the telephone, stand-alone personal computer (PCs) to mention but few are arrays of primary digital technologies designed to collect, organize, store, process and communicate information within and external to an organization otherwise called SMEs (Ritchie & Brindley, 2005; Ogundana *et al.*, 2017). This tool has helped business trade to train, introduce, reinforce, supplement extend skills which affords wide range probabilities for improving competitiveness, new market opportunities as well as specialized information services and more. Since the growth of computer technology around 50^s, computer technology has also introduced increasing development in the area of information storing and processing. AIS output depends on the quality of data. Data quality is important to AIS (XU, 2003). Nevertheless, the production processes collection of data, usage, storage, utilization must work properly so as to achieve high data quality. Daw and Susan (2015) noted that AIS is a superior system that focused on user orientation, which core objective is to collect and record data and information that concern with event that can impact economic of firms.

Accounting Information System Performance Measure of SMEs Practice

SMEs performance can be viewed from the satisfaction of owner/manager in respect of the variability in turnover, profitability, and business development (Alasadi and Abdelrahim, 2007). Poor performance has continued to trail the operations of most SMEs in Nigeria (Yahaya, Osemene

& Salman, 2011). Daw and Susan (2015) suggest that AIS performance measures can positively impact on organizations by adopting to a better changing environment, management of arm's length transactions, a high degree of competitiveness and dynamic nature with a greater flow of information between different staff levels and the possibility of the new business on the network and improved external relationship for the firm and foreign consumers. Bamidele *et al.* (2018) admit that AIS records keeping is the first essential step of accounting system which provides a source of information to owners and managers of SMEs operating in any industry for use in the measurement of financial performance. However, that accounting bases, concepts and principles adopted have to capture the relevant accounting information ensuring reliability in its measurement.

Financial institutions usually require adequate financial statements to provide the loans for expansion purposes. Companies have a better performance through an effective internal audit function that can enable various business partners such as shareholders, personnel, state financial institutions to obtain certainty about the quality and reliability of the information provided by the company (Achmad, Iman, & Melinda, 2020). As a result of inadequate record keeping, small scale business operators could not effectively assess their financial performance (Okoli, 2011). Adequate record keeping would help owners-managers to keep track of the performance of their businesses and enhance continuity. The appropriate design of AIS support business strategies in a way that it increases the organizational performance (Chenhall, 2003). Urquia *et al.* (2011) investigated the impact of AIS on performance measures in Spanish SMEs and found that the use of AIS is crucial in order to broaden the market, enhance management of selling costs and improve farm's management of relations with customers and suppliers.

Fagbemi and Olaoye (2016) conducted a study on an evaluation of AIS and performance of small scale enterprises in Kwara State, Nigeria found that AIS significantly influences the performance of SMEs and that the adoption of computerized AIS improved the ability of SMEs to secure funds from financial institutions. Increasing AIS investment will be leverage for achieving a stronger, more flexible corporate culture to face persistent changes in the environment. Therefore, AIS is only useful when appropriate factors are put in place and operated harmoniously. Zetorvie (2017) noted that inefficient use of accounting information support financial decisions of owners-managers of SMEs (largely or small) can negatively affect the financial status and long term sustainability of the business of the SMEs. Innovation is the incentive with which a virtuous circle will be put in place leading to better firm's performance and a reduction in financial and organization obstacles while making it possible to access capital market. Hence, companies can achieve a high performance when they can afford the implementation of certain technology development (Daw & Susan, 2015).

Accounting practice may have a significant impact on their performance and growth (Padachi, 2012). Hence, are those formal techniques and mechanisms for gathering organization and

communicating financial information about an organizations activity (Institute of Chartered Accountants of Nigeria [ICAN], (2009). A multi-dimension system of performance measure combining financial performance, non-financial performance and managerial performance and used it to reflect the overall performance of SMEs (Olamide & Adeyemi, 2016). Financial performance is the use of outcome based on financial indicators that are assumed to reflect the fulfillment of the economic goals of a firm. Urquia, Perez and Munoz (2011) assessed the impact of AIS on performance system measure in Spanish SMEs, and found that the use of AIS is crucial in order to broader the market, enhance management of selling costs and improve firms management of relations with customers and suppliers. However, widely used techniques to measure business performance in both SMEs and large firms are traditional performance measures (accounting based measures or financial measures) such as return on investment or net profit. Non-financial measure is called operation performance measures such as budgetary performance and managerial performance.

Significance of Accounting Information to Small and Medium Enterprises in Nigeria

The relevance of AIS to SMEs in Nigeria can be established by looking at the ways accounting information has helped small scale firms to improve performance. The relevance of AIS to SMEs can be seen in the vital role it played in the economic development of Nigeria. Aborode (2005) stated that the roles which AIS played in Nigeria economic development include: Source of employment as over 70% of employed Nigerian are in small scale businesses; local raw material utilization as the raw materials used in production are sourced within the country and this helped in reducing the amount of foreign exchange paid to foreigners; the stimulation of indigenous entrepreneurship effectiveness; providing an effective means to reducing rural/urban migration and resources utilization; by contributing to the strengthening of industrial inter-linkages by producing intermediate product for use in large-scale enterprises; retaining competitive advantage over large enterprises by serving disperse local markets and produce various goods with low scale economies..

Accounting information is assumed to be value relevant if it can be used to predict future earnings, dividends or future cash flows (Lawani *et al.*, 2015). Value relevance is examined by measuring returns generated by implementing trading strategies based on accounting information Also, AIS relevance to SMEs can be viewed from the role it played in the survival of small scale businesses in Nigeria. Proper accounting knowledge helps to provide adequate administrative management that will enhance the survival of small scale enterprises in Nigeria. It provides a source of information to owners and managers of SMEs operating in any industry for use in the measurement of financial performance (Maseko & Manyani, 2011). Okoh and Uzoka (2012) conducted a study on the role of AIS in the survival of small scale businesses in Nigeria using structured questionnaire and chi square analysis and the result showed that among others that the success of small scale business enterprises in Nigeria depends greatly but not solely in accounting information. The study therefore concluded that for small scale businesses to function successfully, adequate accounting

information is necessary. AIS relevance to SMEs can as well be viewed from the way it enhances its performance. Maseko and Manyani (2011) noted that AIS provide an important source of information to SMEs owners and managers of operating in any industry for use in the measurement of financial performance.

Oladipupo and Ajape (2013) conducted a study on computer-based accounting system (CBAS) in SMEs by using a randomized trial in Nigeria and the study found that the use of CBAS by Nigerian SMEs is highly significant as all companies operating in all industries surveyed by using one type of accounting software or another. AIS is relevant as a tool for monitoring and control. It helped SMEs manage their short-term problems in critical areas like costing, expenditure and cash flow by providing information to support monitoring and control. The book keeping control aspect helped to prevent petty dishonesty and incompetence usually displayed by employees of small scale enterprises. SMEs normally have numerous assets and it is important that a proper accounting system be installed to ensure that every item is accounted for with the view to reducing opportunities for theft and misappropriation. Daw and Susan (2015) admitted that through its computerized accounting system produced the financial statement among income statement, statement of financial position, cash flow statement. Thus, process data and transform them into accounting information during input, processing and output stages that can be used by a variety of users. AIS assisted in credit dealings. Most businesses in today's world are made on credit. Accounting information assist a trader decides between alternatives either to extend credit facilities to his customers. AIS render assistance in decision making.

Adebayo, Idowu, Yusuf and Bolarinwa (2013) examined the impact of AIS as an aid to decision making in food and beverages companies in Nigeria. Regression analysis and Karl Pearson's correlation was used for data analysis. The study found that AIS is an indispensable tool in decision making in today's turbulent world. The study advised organization to invest on information technology tools in order to improve their efficiency and overall performance. Dodge, Fullerton and Robbins (1994) provided that there is need for accounting information system for SMEs due to the volatility usually associated with their activities like unstable cash and profit positions as well as reliance on short term borrowing. It has been recognized that appropriate accounting information is important for a successful management of any business entity, large or small (European Commission, 2007). The development of a sound accounting information system in SMEs depends on owners-manager's level of accounting knowledge (Ismail & King, 2007). Business depends on correct accounting records to make good decisions about the firm. Decisions such as expansions, as to drop or maintain product lines, make or buy decisions or about size of debtors and so on (Ezejiofor *et al.*, 2014). They noted that business benefits from availability of accounting information, hence, facilitate the solution and resolution of business planning, organization and control function as social organization.

Accordingly, Oguntimehin (2001) asserted that effective AIS performs several key functions such as data collection, data maintenance, data information accounting systems and knowledge management, information generation and data control including security assessment. Where proper records are kept, it facilitates efficient, proper timely decision making and enhances performance in small scale industry. Longenecker and Moore (2006) conducted a study on small business management: An entrepreneurial emphasis. The study suggested that all stakeholders of the organization should have accounting information to enable them understand the financial position of the enterprise. AIS assisted in taxation matters. Taxes of various types are charged by government in order to raise revenue. Therefore, accurate accounting enables an entrepreneur to know his sales value and an absence of which can lead to over taxation. Finally, it assisted in profit determination. Profit making is the utmost objective of most business outfits. To determine whether a business is making profit or loss becomes difficult without the help of complete up-to-date accounts. Also, financial and accounting information are the information that SMEs owners use in the short term for strategic decisions and in all types of decisions, thereby boosting productivity and profitability of the business.

Accounting Practices of Small and Medium Scale Enterprises

Accounting practice involves the routine manner in which the day-to-day financial activities of a business entity are gathered and recorded. The Institute of Chartered Accountants of Nigeria ([ICAN] 2009) defined accounting practices as those formal techniques and mechanisms for gathering, organizing, and communicating financial information about an organization's activities. Sivasubramaniam (2020) noted that accounting practices are the procedures and controls that accounting departments use for creating and recording business transactions. It involves the daily recording of financial data that is of important to the evaluation and monitoring of the SMEs economic activities. It is therefore important that the accounting practices of SMEs provide complete and relevant financial information needed to improve economic decisions made by entrepreneurs. Against this backdrop, accounting systems generate accounting information. According to Baba and Wario (2018), in developed world such as United States, Britain, and some Asian countries like Japan, China and others, the use of accounting practices by SMEs has been institutionalized.

Prior to the 21st century, most organizations adopted the traditional method of recording transactions which involve too much paper work and were time consuming as such that some records prepared were done by accountants which were not complete. These made users of accounting information unable to make proper use of the information and make effective decisions about the position of the business. Though, there was little or no knowledge about the compliance with practice and consistency. Lawani *et. al.* (2015) noted that the most important source of externally generated information on companies is the financial statement. Despite its widespread use and continuing advance, the concern has been that accounting practice has not kept pace with rapid economic and high technology changes which invariably affect the value relevance of

accounting information. Zotovie (2017) carried out a study on financial accounting practices of SMEs in municipality in Ghana using survey research approach and the result showed that majority of SMEs failed to keep proper accounting records pertaining to their businesses. The study recommended that the National Board for Small Scale Industries (NBSSI) in collaboration with the accounting bodies should organize accounting training programmes for owner-managers of SMEs on proper bookkeeping and accounting practices.

Ismail and King (2007) admitted that the development of a sound accounting system in SMEs depends on the owner-manager's level of accounting knowledge. According to Ezejiofor *et al.* (2014), appropriate accounting should be an active steering tool to run and manage a business rather than representing another administrative burden than sole proprietor has to comply with. Abdulrasheed, Khadijat and Oyebola (2012) however posited that it is eminent that the accounting system for one man businesses fulfills such functions as providing essential financial information for the owners and managers in order for them to be able to manage the business in a competitive environment and to make informed decisions to prevent business failure and expand the business. Therefore, many new business owners are daunted by the mere idea of bookkeeping and accounting practice. Owners of one man businesses may have particular needs and conditions, so that accounting systems need to be flexible in order not to impose unnecessary operative burdens. Holmes and Nicholls (1998) noted that the volume of accounting practices in SMEs is dependent on the number of operating environmental factors that include size of the business, business age and industrial grouping.

Okafor (2012) conducted a study on financial management practices of small firms in Nigeria the task for accountant using exploratory research and the independent variables were accounting systems, financial management information, working capital management, budgeting practices and management planning. The result of the study from all the five variables showed significant impact on the profitability of small firms and on the survival as well as the growth of the firms. Ojaide (1999) stated that hiring qualified accounting personnel, exercising financial discipline and taking charge of working capital management can greatly ensure that SMEs outlive their owner-manager and grow to be multinationals. On that basis, financial reporting practices are seen as extending to the analysis and interpretation of historical financial statements. Proper accounting practice is a useful system for making sound economic decisions as well as a key success for SMEs. The primary concern in SMEs financial reporting is largely related to preparation and use of wide-ranging purpose financial reports such as the statements of financial position, income statement and the cash flow statement. Fundamentally, inefficient decision making and the low quality and reliability of financial data are part of the main problem in financial management concerns of SMEs. Poor record keeping and misuse, untimely as well as incorrectness of accounting information caused SMEs to imprecisely assess their financial situation and make poor financial decisions (Abusomwan *et al.*, 2016).

Holmes and Nicholis (1998) asserted that the extent of accounting practice in SMEs depend on a number of factors, which they noted as the age of the business, size of the business and the nature of the industry. They also pointed out that most SMEs owners and managers engage public accountants to prepare required information. SMEs accounting practice are refers to the method by which its accounting practice are implemented and followed on routine basis by an accountant, auditor and so on (Pavtar, 2017). A study conducted by Amako (2013) found that sound accounting practice and maintaining proper books of accounts could not help financial planning and control. Thus, most SMEs in Kumasi Ghana failed to keep and maintain complete accounting record. Accounting practice is intended to enforce SMEs accounting guidelines and policies. It also served as a system of procedures and control that an accounting department used to create and record business transactions. Accounting practice should be consistent to accommodate large number of business and transaction which also called for continual installation and updating of best practice. To ensure that both efficiency and effectiveness of the accounting practice are improved over time. It is crucial that the accounting practices of SMEs supply complete and relevant financial information needed to improve economic decisions made by entrepreneurs. The volume of accounting practice in SMEs depend on a number of operating environmental factors which include size of the business, business age and industrial grouping (Holmes & Nicholis, 1998). Uddin, Biswas, Ali and Khatun (2017) revealed that there is a significant negative impact of poor accounting practices on the growth and sustainability of SMEs. Accordingly, the development of a sound accounting system in SMEs hinge on owners level of accounting knowledge and skills (Ismail & King, 2007).

Small and Medium Scale Enterprises

Small and Medium Scale Enterprises (SMEs) are heterogeneous in nature with countries not having the same sector definition for classifying their SMEs sector (Olamide & Adeyemi, 2016). The concept of the Small size firm is a relative one and it depends mainly on both the geographical location and nature of economy activity being performed (Umar, 1997). The phenomenon of newly found (or lost) opportunities and associated uncertainties occupied most SMEs. SMEs generally depend intensely on their buyers, suppliers, employees and resource providers without much slack in their optimally tuned value creation system (Hamid, 2020). SMEs are a noteworthy driver of economic development (Obi *et al.*, 2018; Stefan, Mihai, Alexandra, & Liliana, 2020). SMEs have been recognized as a catalysts and instrument of economic growth and development. It is regarded as a socio-change, the driver and brain behind economic progress, prosperity and emancipation. SMEs have significantly contributed to Gross Domestic Product (GDP), incremental output, generated employment opportunities, production capacity and reduction of poverty.

There is no universally acceptable definition of SMEs because of differences in organization's level and country's level of development. Adiqwe (2012) seen SMEs in the context of employment and Assets of a company (excluding land and buildings) in millions of Naira: Not More than 1.5 million; Not more than 50 million; Not more than 250 million, maximum asset base of two hundred

million (N 200, 000, 000. 00) Naira excluding land and working capital) with the number of staff employed by the enterprises expected to be not less than 10 and not more than 300. Karadag (2015) opined that small and medium-sized companies are often viewed as being more innovative than larger firms and considered to follow niche strategies in developed countries while adopting high product quality, flexibility and responsiveness to scale mass producers. In Nigeria, SMEs has outnumbered all other forms of businesses and it is found almost everywhere across the country.

Ezejiolor, Ezenyivimba and Olise (2014) asserted that SMEs are comparatively not registered as corporate bodies but as sole proprietorship. The registration procedures are quite simple but a bit easier than the other forms of business registration. The federal government of Nigeria (1988) defined SMEs for the purpose of commercial loan as those enterprises with annual turnover not exceeding N 500,000 and for merchant loan as those for the purpose of commercial loan as those enterprises with capital investment not exceeding two million (N 2,000,000.00) (excluding cost of land or a maximum of N 5,000,000.00). National economic reconstruction fund (NERF, 2012) defined it with a criterion that, projects to be financed by the firm should have a total fixed assets cost (including land) of not more than ten million (N 10,000,000.00) naira (Phillips, 1991). National Council on Industry (2004) defined SMEs as small scale industry, an industry with a labour size of 11-100 workers or a total cost of not more than fifty million (N 50,000,000.00) including working capital but excluding cost of land.

National Association of small and medium scale enterprise (NASMSE) defined small scale enterprise as a business with less than 50 people employed by the enterprise and with an annual turnover of one hundred million naira (N 100,000,000.00) Naira or a business enterprise with less than 100 employees and with an annual turnover of about five hundred million (N 500,000.000) naira. According to Basil (2005), a study have it that most SMEs in Nigeria die within their first five years of existence. Smaller percentage goes into extinction between the sixth and tenth years. Basil (2005) admitted that only about five to ten percent (10%) of young companies survive, thrive and grow to maturity respite to other factors as insufficient capital, lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, irregular power supply, infrastructural inadequacies (water, roads, and so on), lack of proper record or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right propelling staff and cut-throat competition.

Small and Medium Sized Development Agency of Nigeria (SMEDAN, 1992) defined and classified SMEs as a micro enterprise of a business with less than 10 People with an annual turnover of less than N5, 000, 000. 00; a small enterprise as a business with 10 – 49 people with an annual turnover of N5 to N49, 000,000.00; while a medium enterprise as a business with 50 – 199 people with an annual turnover of N50 to N499,000.00. Karadag (2015) noted that SMEs form

large parts of social-economic growth and development. However, Central Bank of Nigeria [CBN] (2005) has defined SMEs as an enterprises whose annual turnover ranges between twenty five thousand naira (N 25, 000) to fifty thousand naira (N 50,000). It is one who has a minimum of 5 employees with minimum capital outlay of not less than N 5, 000 (Nwaogozi, 2010; Umam & Umam, 2013; Umanhonlen *et al.*, 2018). According to Chukwuemeka (2004), small scale business is one whose total assets in capital, equipment, plants and working capital are less than two hundred and fifty thousand naira (N 250,000), employing smaller number of about fifty (50) full time workers. Osei, Baah-Nuakoh, Tutu and Sowa (1993) identified small and medium enterprise to be employment cut off point of 30 employees and these are in three category forms such as micro: employing less than 6 people; very small; those employing 6 – 9 people; small; between 10 and 29 employees. Due to its significant important contribution to growth that the World Bank Group committed to the sector core element in its strategy to foster economic growth, employment and poverty alleviation, approved roughly \$ 2.4 billion in support of micro, small and medium enterprises (Ayyagari, Beck, & DemircucKunt, 2003).

The Federal Ministry of Industries regards SMEs as enterprises that have capital less than two hundred million naira (N 200,000,000) and total employees fewer than three hundred (300). Accordingly, Small Scale Enterprises (SSE) are seen as companies with total assets less than fifty million naira (N50,000,000) and employees less than hundred (100) whereas micro enterprises (ME) are companies made up of less than ten (10) employees (Umanhonlen *et al.*, 2018). National Economic Reconstruction Fund (NERFUND, 2000) regarded SMEs as companies with operating assets less than forty million naira (N 40 million) and with employees of about three (3) to thirty-five (35). SMEs are businesses that employ one hundred and fifty (150) people or fewer and are not a subsidiary of a public limited company (Southern & Tilley, 2000).

Statutorily, Nigeria has defined SMEs as a small company whose annual revenue is not more than N 120, 000, 000 – One hundred and twenty million Naira or such amount fixed by the commission from time to time, or whose net asset value is not more than N 60,000,000 –Sixty million Naira or such amount as may be fixed by the commission (Company and Allied Matters Act [CAMA], (2020) as amended. This is without foreigner as its member and where the company has a share capital the directors hold at least 51% of the share capital. Moreso, CAMA (2020) further defined a small company as one with a private company limited by shares which has no foreign shareholders, its directors holds not less than 51% percent of its shares; none of its members is a government, or a government agent or nominees. According to Small and Medium Industries and Equity Investment Scheme (SMIEIS, 2002), SMEs is any enterprise with a maximum asset base less than N 200 million (equivalent of about \$ 1. 43 million) excluding land and working capital, and with the number of staff employed not less than 10 (otherwise will be a cottage or micro enterprise) and not more than 300 (Akabueze, 2002; SMIEIS, 2002; Sanusi, 2003; Udechukwu, 2003; Sanusi, 2004).

Small and Medium Scale Enterprises and Nigerian Economic Growth

Small and Medium Scale Enterprises (SMEs) has contributed immensely to human, material resources, socio-economic growth and development of Nigeria. Generally, SMEs represents the flag sheep of any economic growth in the World. SMEs make up a vital part of business system and employed more people than any sector of the economies in today's world. Also, SMEs have overwhelmingly contributed to Nigeria economic growth in several areas. It enhances its chain value changes, geographical compass, landscape and demographic hemispheres. According to Oyebisi *et al* (2017), SMEs has played a very significant role in the growth and development of the economy, contributed over 75% growth rate to the Nation Gross Domestic Product (GDP). Apart from SMEs impacts on nation GDP, SMEs have other significant social-economic characteristics such as their contribution to new job creation and reduction of poverty (Karadag, 2015). The latter helped create jobs at low cost of capital, improving backward and forward linkages between sectors, providing support to large scale enterprises and required flexibility to adopt to market failures, creating opportunities for employing appropriate technology, providing opportunity to expand the entrepreneurial base, expanding a pool of skilled and semi-skilled workers and development of policies that tag towards decentralization of rural development supporting programmes.

Akingunola (2011) noted that SMEs contributes about seventy-five (75%) percent revenue of all entrepreneurial activities that make up Nigeria gross domestic output, twenty-one (21%) percent within the enterprises while 4% belong to the large complex organizations. Aremu (2004) inferred that SME brought about great distribution of income and wealth, self-dependence economic, entrepreneurial development, employment and host of other positive economic uplifting factors that added to relative levels of development. Ariyo (2000) advanced that over ninety-seven (97%) percent businesses in Nigeria employed less than 100 employees indicating that majority of employers in the country are within the purview of SMEs, so, a great importance to the survival of an economy (Okoh & Uzoka, 2012). Hyz, (2011) noted that SMEs has potential of reducing unemployment and a catalyst for rapid and substantial industrial development. SMEs provided an effective means of stimulating indigenous entrepreneurship, reduces money spent on importation of raw material whereby encouraging balance of trades, payments, export substitutions and reduces foreign currency exchange rate. Oladipupo and Ajape (2013) noted that the continual involvement of SMEs in qualitative strategies, plans, control activities and decision armed at optimizing the use of resources effectively.

SMEs has provided intermediate products for use in large-scale enterprises thereby strengthening industrial inter-linkages as well as retain competitive advantage over large enterprises, serving dispersed local markets and produce various good with low scale economics for niche markets (Okoh & Uzoka, 2012). The introduction of technology (IT) in the strategic success of SMEs in contemporary economics makes the application of computerized accounting systems inevitable and determines their ultimate survival. Mahemba and De Bruijn (2003) stated that SMEs make up

more than ninety percent (90%) of all business establishments worldwide. A study conducted according to Aremu and Adeyemi (2011) revealed that about fifty percent (50%) of SMEs surveyed did not received external finance while seventy-seven percent (77%) showed lack of access of financial resources.

According to Oqutiuba, Ohuche and Adenuga (2004), SMEs generates entrepreneurship activities through employments provision, enable poverty reduction and sustainable livelihood achievement as well as encourage policy formulation. Obamuyi (2007) has said that SMEs make up about ninety-seven percent (97 %) of businesses. It provided average of fifty percent (50%) employment. Harash, Al-Timimi and Afsaadi (2014) agreed that SMEs responsible for most net jobs creation and make important contribution to productivity and economic growth and plays a significant role in all economies and are the key drivers of innovation and growth. Abdullahi (2014) added that SMEs provided the most important vehicle for both the government and scale enterprises to thrive in Nigeria. Despite the inadequacy of accounting information, SMEs has profoundly attributed to trading, craft production activities and most commonly involved in provisions of all kinds of menial services hence contributing immensely to the national economy growth in term of volume of employment, provisions of revenue to the government. SMEs numerous contribution can also be assessed in the area of number of employees, annual turnover, local operations, relatively small markets compared to their industries, financial strength and sales volumes.

On that regard, capital usually supplied by individual or shareholders and about eighty (80%) percent of the kickoff financing come from owners, friends and families. Mahemba and De Bruijn (2003) have posited that SMEs has made up more than ninety (90%) percent of businesses establishments worldwide. It is at the forefront of output expansion, employment generation, income distribution, promotion of indigenouse entrepreneurship and production of primary goods to strengthened industry linkages (Martin & Matlay, 2001). SMEs has responsible for about seventy (70%) percent of the total industrial employment and contributing between ten to fifteen (10% - 15%) percent of the total manufacturing output and alleviation of poverty and unemployment in Nigeria. According to Kozak (2007), conglomeration of businesses can take any form including private ownership limited partnership, contract and sub-contract, cooperatives or associations under SMEs. Where it is effectively operated, it has the capacity to sprout economic growth and nation development.

Paul (2009) acknowledged that SMEs make up the largest proportion of businesses all over the world and immensely impact gross domestic product (GDP), play tremendous roles in employment generation, provision of goods and services and creating a better standard of living. Aremu and Adeyemi (2011) agreed that SMEs speed up the rate of social economic development and served the system for attainment of entrepreneurial development capabilities, indigenouse technology and national objective in terms of employment generation at low investment cost, reducing the flow of people from rural area to urban area. Moreso, it can be easily established by less skilled labour

force and contribute substantially to export earnings, development opportunities and reduce incidence of poverty in Nigeria. Federal Office of Statistics (FOS) of Nigeria data release prior 2004 showed that about nine-seven (97%) percent of the entire enterprises in the country are SMEs and they employed an average of fifty (50%) percent of the working population and contributed about fifty (50%) percent of the country industrial output. And made up about 90% of business in Nigeria and provide about 50% of Nigeria's employment and industrial output.

Challenges of SMEs on Accounting Information System in Nigeria

SMEs in Nigeria are faced with diversities of problems due to numerous domestic and economic challenges as well as policies inconsistency. Despite the considerable contribution of small businesses in Nigeria's economy, small businesses face massive failure, which is attributed to critical challenges mitigating their survival (Babandi, 2019). Some of the problems are internal and they include inadequate working capital, difficulties in sourcing raw materials, stiff competition from larger companies, lack of management strategies, low capacity utilization, poor educational background of operators. Onaolapo and Adegbite (2014) noted that most small scale firm owners prefer to recruit unskilled personnel especially clerical and accounting staff. The product of these unskilled accounting staff only succeeded in helping small scale firms to stagnate and wound up. They noted that a vast majority of small scale businesses could not afford the complexity of a detailed accounting system. This is because such staffs could not prepare profit or loss (income or expenditure) statements, whereas the unskilled accounting staff were unable to keep reliable accounting records that stand test of time. The inability of some organizations to exploit the availability of economies of scale and poor quality of state services such as electricity and good roads contributed majorly to the challenges faced by most Nigerian firms (Amankwah-Amoah, 2018; Gbemi, Bimbo & Ekpenyong, 2020).

Ohachosim, Onwuchekwa and Ifeanyi (2012) used structured questionnaire to evaluate the extent accounting information can be used to ameliorate the financial challenges of SMEs in Nigeria and found that SMEs in Nigeria has poor accounting system and that SMEs access to finance depends largely on the quality of accounting information they can generate which is determined by their accounting practices and reluctance in embracing technology. The inability to live beyond their first few months of existence has been attributed partly to lack of finance due to lack of AIS and financial records as a requirements. Zotorvie (2017) asserted that lack of AIS led to weak internal accounting systems of some SMEs which resulted in poor planning, weak expense control, low collection of accounts receivable, poor financial condition and inadequate information for decision making purpose. Akingunola (2011) provided that lack of access to finance due to poor AIS has greatly affected SMEs productivity and ancillary functions, lack of proper financial management such as maintenance of accounting books, necessary capital and time to manage accounting books (Brown, 2017; Garcia, 2017).

Madurapperuma, Thilakerathne & Manawadu, 2016) admitted that many SMEs failed to keep accurate accounting records to generate the much needed accounting information that owners-managers and other users require for their decision making purposes which led to major problems. Boachie-Mensah and Marfo-Yiadom (2005) added that about 60% of SMEs in developing countries fail within their first years of operations. The situation is not different in African as many SMEs in Nigeria fail shortly after their establishment and performance of surviving one's far below expectations (Osotimehin, Jegede, Akinlabi & Olajide, 2012). XU (2003) suggested that poor information quality may have adverse effect on decision making and this can be evaluated from four attributes as accuracy, timeliness, completeness and consistency (Huang, Lee & Wang, 1999). Okoh and Uzoka (2012) submitted that the small scale business entrepreneur find it extremely difficult to carry on business for certain number of factors ranging from lack of adequate capital to lack of management expertise. They proceed that most SMEs in Nigeria fail because of inadequate administrative management expertise. Therefore, SMEs cannot boast of adequate accounting standard capable of providing information on the activities and decision process of the enterprise.

Abiodun (2009) agreed that SMEs performance has been hindered due to lack of infrastructural facilities such as power supply, access road network and telecommunication. Hence, the problem can be viewed from two angles which include those induced by the government policies, infrastructural deficit, corruption, environmental and internal challenges and those induced by the SMEs actors such as poor business and educational background, poor financial discipline, poor management practice, poor accounting standards and manpower shortage. Ohachosim, Onwuchewa and Ifeanyi (2012) conducted a study on the extent accounting information can be used to ameliorate the financial challenges of SMEs. The study found SMEs in Nigeria have poor accounting system and access to finance depends largely on the quality of accounting information they can generate as determine by their accounting practice.

Theoretical Underpinning

This paper anchored on Knowledge-Based Theory and Technology Acceptance Model. These theories are propounded by eminent scholars and theorists. Knowledge based theory was first developed and popularized in 1959 by Penrose as resource based view. Knowledge based theory of business organization seen knowledge as the most strategic significant resources of a business firm. The theory noted that knowledge resides and passes onto multiple stages in an organization such as business firm policies, documents and employees as well as routines including accountants. All knowledge at the disposal of a firm are resourceful in one way or the other but specific types of knowledge are of more competitive advantage for the firms. On that note, products and services which are the visible and tangible reality according to Okafor and Daferighe (2019) are the tip of the iceberg. For the real iceberg, the main reality that allows a firm to produce is located beneath the water and embedded with the intangible assets of the organization. Hence, about the knowledge of what the firm does, how it is done and the reason for doing it that way.

Accounting information is capable of improving performance competitiveness of business firm and lots of business firms believes that to act with efficiency in the economy of today, it is important for business to translate into knowledge based business organization (Zack, 2003). Hence, few of the firms understand and know what it meant and how to achieve such landmark stride. There are no proper accounting practices without the accountant and accounting knowledge skills which can be resourceful to firm. On a lighter note, the proponents observed that resource-based view does not go far enough, instead possessing special qualities. The theory treated knowledge based as generic resources by resources based view. According to Child and McGrath (2001), knowledge-based workers were found at the echelons of an organization, doing basic things at the core function by providing technological know-how, designers of concepts, finance and management expertise and the likes for the upward review and acceleration of business organization goals and ideals. Therefore, economic changes from material-based production to information-based production wherefore created an evaluation of business firm workers. On that basis, other individuals are considered to be in the firm's periphery and as a consequence, their responsibilities change continuously and as they are referred to by the task they perform at any given moment resulting to the new normal in labour force. The knowledge-based theory was later adapted by other theorists and proponents (Carla, 2006).

On the other hand, Technology Acceptance Model (TAM) was propounded and developed by Davis (1986). Davis 1986 Technology Acceptance Model is built on the theory of analytic action which deals with the likelihood of the acceptability of tool and to recognize the changes that must be conveyed to the system so as to make it acceptable to operators. Technology played different roles in aiding SMEs in its retrieving accounting data and information; to analyze large volume of transactions, identify trends, documents spotting for further review and gaining preliminary understanding. Davis noted that the attitude of an individual is not the only factor that determines his use of a system but also based on the impact that it may have on his performance. If an employee does not welcome an information system, the probability that he will use it is high if the employee perceived that the system has to improve personal performance at work. The model suggested that the acceptance of an information system is determined by perceived usefulness and perceived ease of use. Larcker and Lessig (1980) described perceived ease of use as the degree to which an individual believed that the use of a system would be effortless (Swanson, 1987).

The Technology Acceptance Hypothesis (TAH) is a direct link between perceived usefulness and perceived ease of use. Accordingly, with two (2) systems offer the same features. Technology helped SMEs on accounting information, electronically shredded documents, determining how recovery of field was deleted, detecting steganography, cracking of encryption codes and data extraction and sorting. Against this backdrop, present day's business firm must thus possess a sound knowledge in using technology. Increasing in the knowledge of technology increases efficiency and effectiveness of SMEs. Technology was acknowledged to be imperative to organization as well as accountants by the American Institute of Certified Public Accountants. As

consequent, technology acceptance as demonstrated in the theory of Reasoned Action, inferred that the TAM is based on the belief that the use of an information system is determined by the behaviour intention. The behavioral intention is determined by the individual's attitude towards the use of the information system and by individual perception of its utility. In that respect, Knowledge-based theory is being domesticated to this study because it relates to the study as the paper looks at accounting information as enhances SMEs growth, expansion and integration respite to technology.

REVIEW OF PRIOR STUDIES

Okafor and Daferighe (2019) provided and examined empirical evidence about the influence and contribution of accounting practices on the performance as well as wellbeing of SMEs operating in Akwa-Ibom State, Nigeria. The study used both primary and secondary data as well as adopted survey research design on sample of SMEs operating in Akwa-Ibom State. The data were analyzed using mean scores, means scores percentages and multiple regressions. It was observed that a joint significant positive relationship between cash, tangible non-current assets, inventory management practices and return on capital employed, while tangible non-current assets management practice has negative significant influence on performance of SMEs. This showed a strong linear relationship between accounting practices and performance by SMEs. Hence, cash management practice has the greatest influence followed by inventory management practice in Akwa-Ibom State. Abanis *et. al.* (2013) attempted to establish relationship between financial management practices and business performance of SMEs in Western Uganda and adopted structural equations and statistical modeling with analysis of moment structures and used primary sample of 335 SMEs operating in Mbarara and secondary sources of data. The paper employed logical positivism quantitative paradigm designs, cross sectional and correlational design. The result found that there is a positive and significant relationship between working capital management and a strong relationship between financial management practices and business performance among SMEs in Uganda.

Krishnan and Pavithran (2018) sought to find out the accounting practices of SMEs in the state of Kerala, India. The study adopted random sampling method and descriptive research design with the used 143 small and medium enterprises registered under the MSME development Act of 2006 as per the list provided by Kerala Board for Industrial promotion. Data from three of such regions such as Travancore, Central and Malabar based on geographical area were selected and employed Chi-Square and other percentage frequency parameters for analysis. The result indicated that most of the SMEs in the study are not aware of the needs of accounting practices and majority is maintaining accounting records as they are mandated while also majority are not using the accounting statements for planning, comparison and decision making. Enterprises are not aware about the various statement and the benefits of preparing the same. Uddin *et. al.* (2017) attempted to examine and evaluate the current status of adopting and implementing the accounting system

and practices of small and medium enterprises in Rangpur region in Bangladesh. The study used primary (both interview and questionnaire) and secondary. The study adopted Chi-Square test and co-related for analysis. The found that about 20% of enterprises directly followed the accounting system while the remaining 80% indirectly. Whereas out of 30 enterprises, 10 SMEs enterprises prepared income statement, 14 SMEs prepare cash flow Statement and 6 SMEs prepared all statements respectively. Exerts a significant positive relationship between selected independent variables that kept accounting record, prepare financial statement, quality information and basis of accounting with the accounting system.

Bamidele, Ayibiowu, Onumoh and Attahiru (2018) examined the impact of effective book keeping practice and accounting system in the operation of small and medium scale enterprises in Nigeria. The study used stratified random sampling techniques on structured questionnaire and employed best linear unbiased estimator for analysis. The result showed that book keeping and accounting played a significant role in the success of small and medium scale enterprises. The result affirmed that standard accounting practices contribute immensely to the success of small and medium scale enterprises in Zamfara state, Nigeria. Zotorvie (2017) attempted to examine the financial accounting practices of small and medium scale enterprises (SMEs) in Ho Municipality at Volta Region of Ghana. The study used purposive sampling and adopted survey research approach drawing its data from a total numbers of 225 owner-managers of registered SMEs in Ho municipality. The paper employed descriptive statistics, mainly adopted frequency tables and percentages to analyze results. The findings found that majority of SMEs fail to keep proper accounting records pertaining to their businesses. It is difficult for the owners-managers to determine the profit earned or losses suffered during a particular accounting period in order to be able to strategize and make adjustments on their businesses.

Pavtar (2017) examined the accounting practices of SMEs as well as the challenges they face and the effect of those challenges on SMEs in Makurdi Metropolis, Benue State, Nigeria. The study adopted survey research design, likert scale type questionnaire on primary data and employed Chi-Square test statistics to reach conclusions. The paper revealed that SMEs in Makurdi Metropolis keep sales and purchase daybook but are faced with the challenges of accounting practices which has a significant effect on their operations. Ogundana *et. al.* (2017) examined the relationship between ICT and Accounting System of SMEs in Nigeria. The study adopted survey research design from primary source of data in about 72,838 populations and employed Pearson Product-Movement Correlation Coefficient to highlights findings. It was revealed that there is a significant relationship between ICT knowledge (Microsoft tools), ICT adoption (accounting packages) and accounting system of SMEs in Nigeria. However, technological upgrade in the firm leads to an increase in the productivity of factors of production (Prasanna1 *et al.*, 2019).

Olamide and Adeyemi (2016) sought to find whether accounting information system influences the performance of Small and medium scale enterprise and aids access to finance. A survey

research design was adopted with the use of primary data through administration of questionnaire to elicited information from 153 respondents. The study employed ordinary logistic regressions and frequency tables to consume claims. It found that accounting information system significantly influenced the performance of small and medium scale enterprise while adoption of computerized accounting information system improved the ability of small scale enterprises to secure funds from financial institutions. Lawani *et. al.* (2015) determined the impact of conservatism and value relevance of accounting information in Nigeria quoted firms. The study used secondary sources of data from the Nigeria Stock Exchange (NSE) between the periods of 2005 to 2010 and employed multiple regression and correlation coefficient for the analysis. The study found that there is the existence of a significant inverse relationship between market-based conservatism and earnings per share for the pooled ordinary least square (OLS), fixed and random effects model. However, higher conservative practices by companies affects the informativeness of financial estimates and declines in stock returns may be seen as an outcome of the markets assessment of disclosure credibility.

Ezejiofor *et. al.* (2014) examined the contributions of accounting records in efficient performance of small scale business in Nigeria. The study used of primary data through questionnaire to elicit information on judgmental sampling techniques and adopted survey research method. The analysis was done by employing mean, standard deviation and weighted value with t-test statistical techniques. The study revealed that the training of professional accountant should focused more on practical ways of solving accounts reporting needs of small and medium scale enterprises. Abdullahi (2014) evaluated the role of accounting information to the sustainable economic development of small and medium enterprises in Nigeria. The paper adopted secondary data from texts books, journal, conference and unpublished research projects and employed documentary research techniques and narrative survey approach. It observed that most owners and operators of small and medium scale enterprises do not have the requisite accounting knowledge required to enhance the sustainable development of their businesses.

Harash *et. al.* (2014) investigated the influence use of accounting information system (AIS) performance in Small and Medium enterprises (SMEs) in Iraq. The study employed analytical literature survey approach. The study found that accounting information system characteristic employed such as reliability, relevance and timeliness has significant effect on the SMEs performance. Oladipupo and Ajape (2013) study sought to provide answer to the degree of computer-based accounting system (CBAS) adoption by SMEs in Nigeria. The study used primary sources of data, conducting an empirical investigation through a structured survey to expound extent of CBAS adoption in Nigerian SMEs and adopted a combination of cross tabulation and logistics regression for analysis. The study found that the use of CBAS by Nigerian SMEs is highly significant on SMEs thereby showing that all companies operating in all industries survey used one type of accounting software or the other. Okoh and Uzoka (2012) aimed at examining the role of accounting information in the survival of small businesses in Warri, Nigeria. The study used

structured questionnaire to randomly gathered data from 100 employees among twenty (20) small and medium scale enterprises in Warri, Delta State and employed Chi-Square statistical techniques for analysis. The study indicated that the success of small scale business enterprises in Nigeria depends greatly but are not solely in accounting information that small and medium scale businesses do not keep records due to ignorance about accounting information.

Maseko and Manyani (2011) investigated accounting record keeping practices for performance measurement employed by SMEs in case of Bindura in Zimbabwe. The paper adopted survey research design and primary source of data to generate frequencies and percentage. It was revealed that the majority of SMEs do not keep complete accounting records because of the lack of accounting knowledge and as a result there is inefficient use of accounting information in financial performance measurement. Akingunola (2011) assessed specific financing options available to SMEs in Nigeria and contribution with economic growth through investment level. The study adopted descriptive statistics and used secondary data from the Central Bank of Nigeria (CBN) publications, statistical bulletin and annual report and statement accounts and employed Spearman Rho correlation test to determine the relationship between SMEs financing and investment level. The study revealed that there is a significant positive relationship between SMEs financing and economic growth in Nigeria through investment level.

Summary of Reviewed Literature

Several works have been done on this aspect of studies both on the global scene and Nigeria. This has been viewed from various countries evidence from underlying part of this chapter. Majority of works done on the global scene were from developing countries which may reduce our chance to affirmative result. More works on developed countries are required to proffer in-depth solution to the link provided by these studies and to compare results with the table below. However, the table below represents a reviewed summary of some works done in these areas on global scene and their findings.

4.1.1 Summary of some works previously done on global Scale

Table 4.1.1: An analysis of the summary of the above literature reviewed on works done on the global scene

Author (s)	Evidence from	Sample Size/Period	Objectives	Methodology	Results
1). Krishnan and Pavithran (2018)	Kerala, India.	143 small and medium enterprises registered under the MSME development Act of 2006	The paper sought to find out the accounting practices of SMEs in the State	The study adopted random sampling method, descriptive research design and employed Chi-Square and other percentage frequency parameters for analysis	The result indicated negative responses

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2). Zotorvie (2017)	Ghana	225 owner-managers of registered SMEs in Ho municipality.	The paper attempted to examine the financial accounting practices of small and medium scale enterprises (SMEs) in Ho Municipality at Volta Region of Ghana.	The study used purposive sampling method The paper employed descriptive statistics, mainly adopted frequency tables and percentages to reach analysis	Negative influence
3). Uddin <i>et. al.</i> (2017)	Bangladesh		The study examined and evaluated the current status of adopting and implementing the accounting system and practices of small and medium enterprises in Rangpur region in Bangladesh	The study adopted Chi-Square Test and co-related for analysis.	Both Negative and Positive
4). Maseko & Manyani (2011)	A case of Bindura, Zimbabwe	100 Reponses	The study attempted to investigate accounting record keeping practices for performance measurement employed by SMEs	The paper adopted survey research design and the used of primary source of data to generate frequencies and percentage	Negative (Majority of SMEs do not keep complete accounting)
5). Harash <i>et. al.</i> (2014)	Iraq		The study investigated the influence use of accounting information system (AIS) performance in Small and Medium enterprises (SMEs).	The study employed analytical literature survey approach.	A significant Positive effects
6). Abanis <i>et. al.</i> (2013)	Western Uganda	335 SMEs	The study attempted to establish relationship between financial management practices and business performance of SMEs	The paper employed logical positivism quantitative paradigm designs, cross sectional and correlational design	A positive significant and strong relationship

Source: Author's compilation 2021

From the above table 4.1.1 on the global scene, results have been insightful, indicating that majority of studies carried out had negative signs and response. Few works that measured the response of SMEs to accounting practice showed significant differences between SMEs accounting practice in those countries, except a peculiar study in a certain country. A study that looked at the influence in the use of accounting information system performance on SMEs has positive response. Another study that investigated accounting record keeping practices for performance measurement employed by SMEs and the relationship between financial management practice and business performance of SMEs had negative and positive responses respectively. The changes in outcome or responses can be attributed to the methodology employed and the research

techniques adopted. However, the effects that emanated from both angles may not have got anything to do with the influence on the result reached in Nigeria geographical environment due to the fact that barely all studies examined were from developing countries where technology are still very much tendering, infantry and lots other factors responsible for SMEs growth. The reason of non-assess to relevant paper from developed countries may be as a result of the fact that those countries have gain awesome advancement records in accounting information practice less no need for emphasis tasking SMEs on relevant of the topic of interest. However, this does not encourage or healthy to other interest respite to learning school of thoughts, comparative advantage and resource comparison.

4.1.2 Summary of Some Reviewed works previous studies in Nigeria

Table 4.1.2 Analysis of the summary of the above literature reviewed on studies done in Nigeria

No (s)	Author(s)	Sample Period	Number of Observations	Objectives	Method of Estimation	Results
1).	Okafor and Daferighe (2019)	Sample of 58.81 and secondary sources of data	Obtained from the state ministry of commerce and industry, ministry of Economic and Development. Also, existing documents, financial statements, books, journal articles, seminar papers, conference material,	The study sought to provide and examine empirical evidence about the influence and contribution of accounting practices on the performance as well as well-being of SMEs operating in Akwa-Ibom State, Nigeria	The study adopted survey research design on sample of SMEs operating in Akwa-Ibom State and employed mean scores, means scores percentages and multiple regression for analysis	A significant positive and strong linear relationship, greatest negative significant influence
2).	Oladipupo & Ajape (2013)	Primary source through structured survey	Responses obtained from manufacturing, agriculture, construction, mining, hotel and hospitality, IT services, medical services, wholesale, retail trade and general services industries.	The study sought to provide answer to the degree of computer-based accounting system adoption by SMEs in Nigeria	The paper adopted a combination of cross tabulation and logistics regression analysis.	CBAS is highly significant on SMEs amongst firms
3).	Ogundana <i>et. al.</i> (2017)	Primary Sources of data	72, 838	The study sought to examine the relationship between ICT and Accounting System of SMEs in Nigeria	The study adopted survey research design and employed Pearson Product-Movement Correlation Coefficient.	A significant relationship
4).	Pavtar (2017)	Primary Source of data.	323 SMEs	The study sought to examine the accounting practices of SMEs as well as the challenges they	The study employed Chi-Square test statistics and adopted survey	A significant effect on operations.

				face and the effect of those challenges on SMEs in Makurdi Metropolis, Benue State, Nigeria.	research design, likert scale type questionnaire	
5).	Ezejiofor <i>et. al.</i> (2014)	Primary Source of Data	48 Small Scale Businesses	The paper sought to determine the contributions of accounting records in efficient performance of Small Scale Business in Anambra State, Nigeria	The study adopted survey research method and employed mean, standard deviation and weighted value with t-test statistical techniques.	Accounting record contributes significantly to Small Scale Business performance
6).	Bamidele <i>et. al.</i> (2018)	Primary Sources of Data	286 small and medium business owners and 214 staff from five recognized local government area of Zamfara State, North Western Nigeria	The study sought to examine the impact of effective book keeping practice and accounting system in the operation of small and medium scale enterprises in Nigeria.	The study used stratified random sampling techniques and employed best linear unbiased estimator for analysis.	A significant and positive role
7).	Olamide & Adeyemi (2016)	Primary Sources of Data	154	The paper sought to find out whether accounting information system influences the performance of Small and medium scale enterprise and aids access to finance	The study employed Ordinary Logistic Regressions and frequency tables to reach claims	Both a significant and positive influence
8).	Abdullahi (2014)	Secondary sources	The use of texts books, journal, conference and unpublished research projects	The study evaluated the role of accounting information to the sustainable economic development of small and medium enterprises in Nigeria	The paper employed documentary research techniques and narrative survey approach	A negative relationship
9).	Okoh & Uzoka (2012)	Primary Sources of Data	100 employees among twenty (20) small and medium scale enterprises in Warri, Delta State	The study aimed to examine the role of accounting information in the survival of small businesses in Warri, Nigeria.	The study employed Chi-Square statistical techniques for analysis.	Mixed Reaction
10).	Lawani <i>et. al.</i> (2015)	2005 to 2010		The paper sought to determine the impact of conservatism and value relevance of accounting information in Nigeria quoted firms.	The study used secondary data and employed multiple regression and correlation	A significant inverse relationship

					coefficient for the analysis	
11).	Akingunola (2011)	2002 to 2009	From the Central Bank of Nigeria (CBN) publications, statistical bulletin and annual report and statement accounts	The study assessed specific financing options available to SMEs in Nigeria and contribution with economic growth through investment level.	The study adopted descriptive statistics and employed Spearman Rho correlation test to determine the relationship between SMEs financing and investment level	A significant positive relationship

Source: Author's compilation 2021

From Nigeria perspectives, few works have been done in this area in Nigeria, but not as extended and insightful in scope as in global scale and functions. Above table 4.1.2 presents some highlights of closely related key studies in this area in Nigeria. There have been mixed reactions in their findings. Few studies that have examined influence of accounting information including computer based accounting system adopted by SMEs in Nigeria and relationship between ICT and accounting system of SMEs exhibited significant effects. Except armful of them which examined conservatism and value relevance of accounting information from quoted firms in Nigeria. There is a peculiar study that exhibited inverse relationship. These differences in reaction were as a result of the data usage or source and/or type of analytical tools deployed. Some studies that looked at the accounting practice of SMEs and effectiveness of record or book keeping practice and accounting system in the operation of SMEs in Nigeria respectively were not differ in their opinions. Except a study that collected data from the ministry in the state which had opposing response based on the scope of study and nature of sample used. A comparative study in Nigeria shows that SMEs level of awareness is overwhelming, lots number of them have embraced on book of account, using ICT, and being influenced by accounting information system.

Suffice to say that micro finance banks are up to their responsibility in facilitating responses. Government has also significantly proved their worth by enhancing their statoscope onto a large extent. A study that assessed specific financing option available to SMEs in Nigeria, and SMEs contribution to economic growth through investment level exhibited a significant positive reaction. In resonant with the above viewpoint, this paper noted that lots more are still needed to be done consciously keeping the envisioned significant signs. Moreso, there are observations as to whether the extrapolation from the above comparison with other countries on the global scene has anything to do with the geographical demographic characteristic of each countries that may have attributed to the inferences. Hence, this study suggested that in future research, further studies should be carry out among developed countries to showcase much needed affirmations such that create responses and awareness on AIS, SMEs sophistication level and new trends being devout as a

missing link among developing countries. Lots studies have been done among developing nations but fewer of them have showed that government has not been helping SMEs in the area of book keeping, accounting practice and accounting information system. This is because government encouraged collection of tax revenue through pre bargaining without proper accounting record of SMEs. The Central Bank, Micro finance banks and other associated banks gives credit facility to existing SMEs on the basis of interest without records of prior business activities being carried out. This may reduce the effects observed in prior studies in Nigeria if care is not taking.

Gaps Identified in Prior Studies

Prior study on the relevance of accounting information to SMEs have either focused on financial accounting practice of SMEs in other countries (Zotorvie, 2017); or strategic management approach to financial accounting challenges in SMEs (Karadag, 2015); financial management practices and business performance of SMEs (Abanis *et al.*, 2013); an investigative study of record keeping for performance measurement on accounting practice (Masek & Manyani, 2017); accounting practice of SMEs (Uddin *et al.*, 2017; Krishnan & Pavithran, 2018); the influence of accounting information system on performance of SMEs (Harash *et al.*, 2014); a review of literature on efficiency of accounting information system and performance measures (Daw & Susan, 2015).

Armful literatures that were reviewed in this area of studies in Nigeria have mixed reactions in their scope and objectives on the subject matter. Some studies that examined accounting practice and performance of SMEs (Okafor *et al.*, 2019); the relevance of records in small scale business (Ezejiofor *et al.*, 2014); SMEs as a survival strategy for employment generation (Aremu & Adeyemi, 2011); the role of accounting information in the survival of small scale businesses (Okoh & Uzoka, 2012); small and medium enterprise (Abiodun, 2009); challenges and effects of accounting practices of SMEs (Pavtar, 2017); an evaluation of accounting information system and performance of small scale enterprises (Olamide & Adeyemi, 2016); financial reporting for small and medium scale enterprises (Abusomwan *et al.*, 2016); computer based accounting system in SMEs (Oladiipupo & Ajape, 2013); the place of effective bookkeeping and accounting practice in SMEs (Bamidele *et al.*, 2018); an evaluation of the role of accounting information to the sustainable development of SMEs (Abdullahi, 2014); ICT and accounting system of SMEs (Ogundana *et al.*, 2017).

This study overviewed outlined works done by various authors through survey of literature. It observed that majority of studies have shortcomings in this area of studies. Hence, expands works to accommodate as well as capture not only relevance of accounting information to SMEs but also discuss causal factors using theoretical, library literature survey approach and quotient research analysis to decipher as well as appraised concepts of accounting practice of SMEs; impact of SMEs to Nigeria Economic growth and accounting information system. The paper exhaustively discussed issues relevant to the efficiency and effectiveness of accounting information on SMEs practice;

performance measures on SMEs practice in Nigeria. It has also looked at the challenges of SMEs and accounting information system in Nigeria thereby domesticating it basis on relevance theory on accounting information to resolve the problem hovering around the subject matter.

CONCLUSION

The main aim of study was to theoretically appraise the relevance of accounting information practice on SMEs in Nigeria. SMEs has the capacity of revamping and creating wealth of any nations economic. This is not without proper accounting information. SMEs has significantly attributed lots incremental output to its GDP, and accelerated growth to most world countries economic models. Despite of the huge success stories attributed to its core value across board, SMEs has been limited in all round prospect for continuous survival. This was observed to have link with lack of records of book keeping whereby those adheres to the doctrine of necessity leverage on perpetuity, hence foreseeable future in record time. SMEs have the ability to have contributes lots more percentage to employment growth rate, nation GDP and SMEs prospects. Therefore, accounting information is to provide high quality financial reporting. The qualitative characteristic of any accounting information system can be maintained relatively ensuring that the achievement of its operational goals and performance are not mismatched. The financial accounting practices of SMEs is significant as it helped firms manage short-run problems in critical areas as providing information support for monitoring progress and control measures. However, accounting information is sacrosanct to quality decision making, policy reorientation and services delivery of SMEs. Absence of this would create problems and drawbacks to SMEs performance. The paper also adds that SMEs has capacity of turning it fortune through AIS, noted that studies have showed that financing options require accounting practice with performance records and information system that involved objectivity. It recommended that those saddled with the responsibility of nurturing as well as revamping SMEs in Nigeria should task SMEs to adopt proper accounting practice and rescind from encouraging SMEs with credit facilities and other products alike without appropriate books of records of account performance and information system.

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