

Effect of Accounting Records on the Performance of Small and Medium Enterprises in Ekiti State, Nigeria

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Abstract

This research investigates how accounting records impact the performance of the Small and Medium Enterprises (SMEs) in Ekiti State, Nigeria. The study used purposive sampling techniques to select four local governments out of sixteen in Ekiti State with the total number of 928 SMEs. The study further used Taro Yamane formula to select 280 SMEs as a sample for the study. Structured questionnaires was used to gather data that measured the level of accounting record-keeping and the interface with critical performance indicators like profitability, growth, and sustainability. Regression analysis was employed using ordinary least squares (OLS) to test the hypothesized relationships. As the results indicate, bookkeeping activities ($\beta = 0.2422$, $p < 0.01$), financial reporting ($\beta = 0.2910$, $p < 0.01$), and compliance with the business statutory requirements ($\beta = 0.1809$, $p < 0.01$) are statistically significant and positively influence SMEs performance. The size of the firm also had a profound influential effect ($\beta = 0.1528$, $p < 0.01$). The model fits 59% of the variance in SMEs performance ($R^2 = .5903$) with an overall model significance of $p < 0.001$. These findings concludes that all three accounting practices; bookkeeping, financial reporting, and compliance have significant positive effects on SMEs performance. Additionally, firm size was found to be a significant determinant of performance, with larger SMEs generally performing better.

Keywords

Accounting Records, SMEs, Financial Performance, Record-Keeping.