

# Record keeping and small scale enterprises performance in Abi local government area of Cross River state, Nigeria

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## Abstract

This study examined record-keeping and small scale enterprises performance in Abi local government area of Cross River state, Nigeria. Specifically, the study examined the influence of record-keeping, revenue/expense records, inventory records and accounts receivables/payable records on small scale enterprises performance. Four research questions were posed, and four null hypotheses were formulated accordingly to guide the study. The design adopted for the study was a descriptive survey research design. The population of this study comprised all small business operators in Abi local government area of Cross River state, Nigeria. Simple random sampling technique was used to select a sample of 187 respondents out of a population of 374 small scale business operators in the Area. Instrument for data collection was a structured researcher-made questionnaire titled "Record Keeping and Small Scale Enterprises Performance Questionnaire (RKSSEPQ). This instrument was validated by experts in Accounting and Measurement and Evaluation. Trial test was carried out on 30 business operators in Yakurr local government area which yielded reliability indices of 0.72-0.79. To determine appropriate sample for the study, the researchers adopted Taro Yamane method. The research questions were analyzed using descriptive statistics (Mean and standard deviation), while the null hypotheses were tested at .05 level of significance using simple regression analysis technique. The results of the analysis revealed that, there is a significant positive relationship between record-keeping, inventory record and small scale enterprise performance. The further revealed that there is significant influence of revenue/expense records, and account receivables/payables records on small scale enterprise performance in Abi local government area of Cross River state, Nigeria. Based on these findings, it was recommended among others that: Government should come to the aid of small scale enterprises by empowering tertiary institutions in the State with more teaching staff and facilities to enable them extend distant-learning to small scale business owners who cannot enroll on a full time programme the opportunity to take up part-time training on the importance of record-keeping in an organization, in order to improve their arithmetical and accounting skills for proper record keeping.

Key-word: Record-keeping; small scale enterprises; Revenue/expense records; Inventory records; Accounts receivables/payable records

## Introduction

Small scale business enterprise is an important unit of the national economy and contributes a very high proportion of the gross domestic product (GDP) of a country. Kehinde, Abiodun, Adegbuyi and Oladimeji (2016) stated that small scale business enterprise is defined in terms of annual sales, asset valuation, net profit, balance sheet totals and the size of the business including the numbers of employees available in the business. Different authors, scholars and school of thoughts have different ideas as to the variation in initial capital, number of workforce, annual turnover, fixed assets invested, physical plants and machineries, market value and the level of development. These features equally vary from one country to the other. Stoner (1997) cited in Barbra (2011) describes business performance as the ability to operate efficiently, profitably, survives, grows and leads to opportunities and threats. Stoner emphasized that the production process is the key factor governing business performance.

A major characteristic of small-scale enterprises in Nigeria relates to ownership structure which largely revolves around a key man or a family. Hence, a preponderance of the small-scale enterprises is either sole proprietorships or partnerships. Even where the registration status takes the shape of limited liability Company, the true ownership structure is that of a one-man or partnership business (Obi, 2015). Policy makers and scholars such as Dozie (1995), Owualah (1999), and Lawal (2000) in Obi (2015), described the characteristics of small scale enterprises as follows: personal savings of the owner forms the start-up capital of the business; low initial capital requirement; simple technology; low level of managerial skills; difficulty in accessing external funds for establishing and running the business; keeping little or no accounting records of the business; reluctance in risk taking by the owner to expand the business; low level of education and technical expertise on the part of the business owner; little influence on the market and small market share, etc.

Record keeping is the handling, management and supervision of the life cycle of business records by evaluating the records, valuing it and setting standards by which records are retained and disposed after a certain period of been kept. Probably, the most relevant period of the record. Record keeping is the record making process of accounting. It is a subset or a component of accounting. It includes the preparation of books such as cash book and ledgers (Omunuk (1999) cited in Barbra, 2011). Record keeping consist of identification, classification, summarization, storage, protection, communication, retention and disposal of records for preparation of financial statements. Ademola, Samuel and Ifedolapo (2012) also noted that policies, systems, procedures, operations and personnel are important in the keeping of records. The importance of availability of accurate financial information to owners and managers for measuring performance cannot be over emphasized (Amoako, Marfo,

Gyabaah & Gyamfi, 2014). It is important therefore to recognize the strong influence of business record keeping to Small Scale Enterprises' performance and development, the importance of record keeping cannot be undermined in any means.

Agbemava, Ahiase, Sedzro, Adade, Bediako, Nyarko and Kudo (2016) asserted that majority of small scale enterprises (SSEs) do not keep proper accounting records otherwise referred to as incomplete records. SSE owners have failed to recognize the importance of a well-structured accounting system that would have enabled them to keep accurate financial statement. Lack of accurate financial statement jeopardizes the chances of credit facility from banks (Aladejebi & Oladimeji, 2019). It is based on the above backdrop that this study has been designed to examine the influence of record keeping on performance of small scale enterprises in Abi local government area. The work looked at record keeping such as revenue/expense records, inventory records and account receivables/payable records as sine qua non for performance of small scale enterprises with regards to succeeding in the business world and contributing to national development by way of serving as employer of labour.

## Statement of the problem

The dwindling state of small scale enterprises in Abi local government area is a thing of concern. Some of these businesses have been in operation for several years without expansion, rather most of them are deteriorating and some have even ceased operation. One expects that business grow from one stage to another. For example, a micro business should grow to small scale business after a certain period of time, approximately, between 5 -10 years of operation. In like manner, small scale business should metamorphose to a medium scale, and this process should continue till it become large scale, if a business or its owner(s) do not wish to operate on a large scale, at least, it should operate favorably on its scale without unexpected decline or even cessation. Unfortunately, the situation of small scale in the Area is rather getting worse by the day. From personal observation, a lot of these businesses operate with less or no record of operation to adequately assess performance. Moreover, one wonders if the declining state is a result of poor record keeping practices.

Record keeping is a problem to some business owners, and this has resulted into a very poor record keeping practices. Keeping records of income received and expenditure made, inventory records, and accounts receivables/payable records makes it possible for business owners to keep proper track of financial transactions. Lack of record keeping knowledge or poor record-keeping and non-availability of financial records has severe consequences on a business enterprise. This most times result in mismanagement of resources; poor cash management, and this have led to the collapse of many small scale enterprises. According to Oladejo (2008),

application of accounting records seriously influences the achievement of a firm's objectives. Some business owners in Nigeria are still not aware of the importance and benefits of proper record keeping (Abayomi & Adegoke, 2016). In Nigeria, some small scale enterprises are forced to prepare their financial records because they want to obtain a tax clearance certificate, without which they cannot bid for government contracts. Also, some small scale enterprises to prepare their accounts because they want to obtain bank loans. This poor record-keeping makes it difficult to distinguish between business transactions and personal transactions of small scale enterprises owners (Rankhamise, 2010). Furthermore, research has also confirmed that poor or lack of record-keeping in business and especially the small enterprises lead to their collapsing (Germain 2010). It is upon this premise that this study seeks to find out the relationship between record-keeping and small scale enterprises performance in Abi local government area of Cross River state, Nigeria.

### Objective of study

The main objective of the study was to examine the relationship between record keeping and performance of small scale enterprises in Abi government area of Cross River state, Nigeria. Other specific objectives are to:

1. Investigate the relationship between record keeping and performance of small scale enterprises.
2. Examine the influence of revenue/expense records on performance of small scale enterprises.
3. Assess the relationship between inventory records and performance of small scale enterprises.
4. Ascertain the influence of account receivables/payable records on the performance of small scale enterprises.

### Research questions

The following research questions were raised to guide the study.

1. What is the relationship between record keeping and performance of small scale enterprises?
2. How does revenue/expense records influence the performance of small scale enterprises?
3. What is the relationship between inventory records and performance of small scale enterprises?
4. How does account receivables/payable records influence the performance of small scale enterprises?

### Literature and theoretical review

Review of related literature for this study focused on theoretical and empirical review for clarity of purpose.

### Theoretical review

The study was anchored on Records Continuum Theory (RCT) and Decision Usefulness Theory (DUT). Records Continuum Theory attempt to define the lifespan of records in an organization, beginning from the time it is created through its useful life and disposal time. It highlights its useful and expiration time. According to Alhassan & Muazu (2014), records continuum theory provides the theoretical justification for keeping business records. The theory involves a consistent and coherent regime of management processes of records from the time of the creation of these records through to the preservation and use of those records (McKemmish, 2001) cited in Adaane (2016). The International Council on Archives defines the records continuum theory as 'a consistent and coherent process of records management throughout the life of records, from the development of recordkeeping systems through the creation and preservation of records, to their retention and use as archives' (Flynn, 2001). The records continuum theory was formulated in the 1990s by Australian archival theorist Frank Upward, the theory is based on four principles: The first principle was that, a concept of "record" which is inclusive of records of continuing value (archives) stresses their use for transactional, evidentiary, and memory purposes; and unifies approaches to archiving/recordkeeping, whether records are kept for a split second or a millennium. The second principle was that there is a focus on records as logical rather than physical entities, regardless of whether they are in paper or electronic form. The third principle was that institutionalization of the recordkeeping profession's role, requires a particular emphasis on the need to integrate recordkeeping into business and societal processes and purposes. The final principle stated that archival science is the foundation for organizing knowledge about recordkeeping. Such knowledge is revisable but can be structured and explored in terms of the operation of principles for action in the past, the present, and the future (Adaane, 2016). The records continuum theory has four major levels. Battley (2013) summarized these four levels or dimensions in the Records Continuum model as follows:

- Create: the actors carrying out the act, the act itself, documents recording it and the trace or representation of the act;
- Capture: personal and corporate records' systems capturing documents in context;
- Organise: the organisation of recordkeeping processes – the manner in which a corporate body defines its recordkeeping regime; and
- Pluralise: the way that the records are brought into a framework to provide a collective social, historical and cultural memory of institutionalized purposes of people and corporate bodies.

The Records Continuum model also describes four axes representing accountability for records. These are:

- Transactionality: records as products of activities;
- Identity: who made and kept the records;
- Evidentiality: records as evidence, with integrity and continuity; and
- Recordkeeping containers: the objects created in order to store records.

According to Marshall (2000) cited in Adaane (2016), the continuum theory reminds us that records are created and maintained for use as a result of business and administration functions and processes, rather than as ends in themselves. The records continuum theory focuses on the multiplicity of purposes. It aims at the development of record-keeping systems that capture, manage, and maintain records with sound evidential characteristics for as long as the records are of value to the organization. It promotes the integration of recordkeeping into the organization's business systems and processes. The theory provides common understanding, consistent standards, unified best-practice criteria, and interdisciplinary approaches and collaborations in record-keeping and archiving processes for both paper and digital worlds. The theory is relevant in this study because it brings out the importance of keeping business records that can be helpful in tracking an organization's performance and growth. Without records, owners and managers of small scale enterprises would remain oblivious of the progress of their firms. Other resource providers will not also know how well their resources are managed and whether or not they will get any returns from their investments. Record-keeping has become the foundation on which the totality of modern businesses depends (Olukotun, James & Olore, 2012). This is because record-keeping helps a business to measure its performance and profitability. It can also assist owners to detect fraud quickly. Record keeping and good record management is therefore necessary, as keeping business records is an indispensable tool to measuring the effectiveness and efficiency of the business.

This study further draw on the Accounting theory; particularly the Decision usefulness theory. Decision usefulness describes accounting as a process of providing the appropriate information to the relevant decision makers. The decision usefulness is an Accounting theory emphasizes the recording of business transaction for the purpose of effective decision making in the business. McClelland (2010) in Ghasia, Wamukoya and Otike (2018) explains how entrepreneurs succeed in their business. He contends that successful business operators consider profit to be a measure of success and competency. They set personal but attainable goals for their business and are concerned about their performance. They are conscious of every transaction accruing from their business and hence are in a better position to control loss. The Decision Usefulness Accounting Theory emphasizes documentation of business transactions for the purpose of effective decision making. This endorsement of the importance of

documentation for business is very important for records management (Ghasia et al, 2018). Therefore in this paper, the Records Continuum Theory and Decision Usefulness Accounting Theory, both centers on information and documentation upon which business managers and individual business owners rely on in order to make informed business decisions and improve business performance. This is important because most times, when performance improves, the profitability would also improve in the same proportion.

## Empirical review

Effective record keeping of day-to-day running of a business enables the firm to plan properly and also to curtail misappropriations of resources. Muchira (2012) observed that keeping good financial records can positively influence management decisions of business owners or managers. The most important information to an entrepreneur comes from the accounting information that is kept in the organization. The accounting information is like the score card for an enterprise. They are indicators of growth potentials, earning ability, liquidity and stability (Ibrahim, 2015).

Ademola et al. (2012) carried out a study on the roles of record keeping in the survival and growth of small scale enterprises in Ijumu Local Government Area of Kogi State. The study examined the records to be kept by an organization, their features and the importance of book/record keeping to the growth of an organization. The population of the study was six hundred (600) small scale businesses broken down as follows:- Pure water production (8), Automobile mechanics (160), Hair dressing and barbing saloon (88), Restaurant (48), Spare part sellers (60), Provision and cosmetics stores (76), Block making industry (38), Welders (38), Business centers (38) and Patent medicine stores (46). Non-probability sampling method (purposive sampling method) was used. A total of 200 questionnaire were distributed in five communities in Ijumu Local Government Area of Kogi State i.e. 40 questionnaires per community. A total of 172 questionnaires were returned out of which 150 were correctly filled. The data collected were analyzed using chi-square. The findings revealed that majority of the respondents do not keep business records and therefore do not even know whether their businesses are growing or not. It was therefore recommended that small scale entrepreneurs to keep up to date and accurate records of their business.

In another study conducted by Nketsiah (2018) on financial record keeping practices of small business operators in the Sekondi-Takoradi Metropolitan Area of Ghana. The study examined record keeping practices of small business operators in the Sekondi-Takoradi Metropolitan. The study adopted descriptive cross-sectional survey to find out how the enterprises sampled undertake record keeping. Simple random sampling (random numbers) was used to select a sample of 200 SSEs. This

study found that 85% of small business operators keep records relating to customer's indebtedness (Mean score=0.85; SD=0.361); notwithstanding, asset register was the least records kept (Mean Score=0.50; SD=0.502). The study recommended that there should be a mandatory policy for small business operators to keep records of their business transactions especially asset register. There is also the need to train most of the small business operators in Ghana on the relevance of using the computer-assisted software in record keeping. According to Adu (2016), a business will use revenue and expense journal or a ledger to keep track of records of how much money is going out, where it is going, what is coming in. A revenue and expense journal is used by most small businesses and is single-entry accounting, recording receipts and expenditures only. Double-entry accounting involves a ledger and necessitates that each activity is recorded as a debit and credit on the books. Ogangbo (2014) investigated the major causes of SSEs failure and found that 46% major of the business failure was because of business owner incompetence in record keeping of the business. The specific pitfalls were poor collection and control of debtors' payments, no knowledge of pricing, lack of planning and budgeting, no knowledge of financing and no experience in record keeping. The gap identified was that small business owners are not performing the basic cash management practices in their businesses. This practice is omitted in business largely due to lack of knowledge and skills to perform the task (Ogangbo, 2014).

More so, Abdul-Rahamon and Adejare (2014) carried out analysis of the impact of accounting records keeping on the performance of the small scale enterprises. The survey empirically investigated the effect of accounting records keeping on Small scale enterprises. In line with the objectives of this study, a descriptive design such as personal interviews and questionnaire was employed as the major techniques for primary data collection. Data collected were analyzed using both the qualitative and quantitative methods. The descriptive statistics used were tables and percentages. Chi-square and analysis of variance (ANOVA) were employed to analyzed data through STATA 10 version with the coefficient of determination ( $R^2$ ) 0.8974 which implied that 89.7% of the variation in financial performance could be explained by the level of accounting records keeping. Following the outcome of this study, it was therefore concluded that there is a strong positive relationship between accounting records keeping and performance of small scale enterprises. It was recommended that the owners and managers of the small scale enterprises should embrace proper accounting records keeping practices for effective financial performance in their business.

According to Adu (2016), keeping inventory records will enable business owners to prevent pilferage, keep inventory holdings to a minimum, and track buying trends, among other things. The crucial inventory information needs to capture date purchased, stock number of items purchased, purchased price, date sold and sale price.

Barrera (2013) stated that it is easy to turn cash into inventory but it is not easy to turn inventory into cash. Barrera found that when inventory is sold and floor space is freed up, the business profitability really changes. The slow-moving inventory should not increase to more than 5% of all inventory stocked in the business.

Cohen (2003) cited in Mungal (2014) indicated that it is vitally important to keep track of what one has in the business and also be aware of what the customers want. There is no point stocking the shelves with what the owner feels is right. Instead, the owner should determine what the market wants and what will sell. Having a stock take in the business will indicate who the fast sellers are and which items lay on the shelf for lengthy periods of time. Products or services are paid for at the time of delivery. An account receivable tracking system is needed. Also, if services are provided or products for which people pay at a later date, the accounts receivable record keeps track of what is owed to you. Business owners can monitor accounts receivable by holding on to a copy of all invoices sent out or by keeping an account receivable record. In either ways, the information is needed to capture invoice date, invoice number, invoice amount, terms, date paid, amount paid, and the name of the entity being billed (Adu, 2016).

Accounts payable are debts owed by an organization for goods and services. Keeping track of what is owed and when it is due will enable the organization to establish good credit and hold on to your money as long as possible. Business owners with few accounts payable items use accordion file folders labeled with dates to keep track. Larger companies use account payable records organized by creditor. Regardless of the system you choose, you should retain the following information about accounts payable: invoice date, invoice amount, invoice number, terms, date paid, amount paid, balance (if applicable), and clients' names and address (Adu, 2016).

According to Ademola, et al (2012), an enterprise must have many distinct daybooks which are a descriptive and orderly record of daily accounting transactions. Entries in the day books are properly entered in the journals before posting to the ledgers. The research stated that the transaction records to be maintained in any organization must include: Accounts receivables, Accounts payables, Accounts inventory records, Bank records, Sales records, Payroll records, Personnel records, Cash records, Purchase records. According to Wood & Sangster (2011), these books comprises, sales book which records all sales invoices, Sales credits book to record all sales credit notes, Purchases book which records all purchase invoices and purchase credit books to record purchases credit notes. In the same vein, Reed (2010) pointed out that for small scale businesses to succeed, they have to keep these prime documents; invoice, receipt and bank statements which are recorded in subsidiary books, purchases and sales day books, preparation of trial balance and the final financial reports.

Having reviewed literature on record keeping, revenue and expense records, inventory records, account

receivables/payable and small scale enterprises, there exist inconsistency in the findings which will be catered for by the outcome of this study. Most of the studies were carried out in other states of the federation and even outside the country, and none has been done in Abi local government area regarding the whole variables and record keeping practices and performance of small scale enterprises.

## Methodology

The study adopted a quantitative approach and survey design where questionnaire were used to collect data. The quantitative approach is more objective and provides observed facts on a problem or condition as they are, and since this is the aim of the study, this approach seems more suitable for the study. Moreover, the survey design is appropriate for the study as this study aimed at finding out the opinion of small scale business operators on how record-keeping practices contribute to small scale enterprises performance. The method also enables the researchers to gather information about variables rather than information about individuals (Ndiyo (2005) in Ateboh-Briggs, 2013). Finally, this method enables the researchers to gather data at a particular time with the intention of describing the existing condition, identifying standard against which conditions can be compared and determining the relationship that exists between specific events. This makes the quantitative approach more relevant in this study. This study was conducted in Abi local government area in Cross River state, Nigeria. The population of this study comprised of three hundred and seventy-three (373) small business operators in Abi local government of Cross River state, Nigeria. Instrument for data collection was a structured researcher-made questionnaire titled "Record Keeping and Small Scale Enterprises Performance Questionnaire (RKSSEPQ). This instrument was validated by experts in Accounting and

Measurement and Evaluation. Trial test was carried out on 30 business operators in Yakurr local government which yielded reliability indices of 0.72-0.79. To determine appropriate sample for the study, the researchers adopted Taro Yamane method with the formula;  $n = N/(1+N(e)^2)$ :

Where:

- n = Sample size
- N = Population size
- e = Margin error
- 1 = Constant

Therefore, the sample for this study was made up of 187 business operators in the area of the study. Data were Analyzed using simple regressions with the aid of Statistical Package for Social Sciences (SPSS) at 0.05 level of significant. Also, for better understanding for analyzing the hypotheses, generalized linear model (GLM), was adopted, with the formula:

$$E(Y) = \mu = g^{-1}(X\beta)$$

Where:

$E(Y)$  = the expected value of Y;

$X\beta$  = the linear predictor, a linear combination of unknown parameters  $\beta$ ;

$g$  = the link function.

## Results

Table 1 show the population and sample distribution.

**Decision Rule:** For the research question, values were rated as follows: Strongly Agree - 3.50 – 4.00; Agree - 2.50 – 3.49; Disagree - 1.50 – 2.49 and Strongly Disagree - 1.00 – 1.49. Any response with a mean of 2.50 and above is considered as agreed, while a mean below 2.50 will be disagreed.

**Table 1:** Population and sample distribution by Council Ward

S/N	Ward	Population	Sample
1	Adadama	28	14
2	Afafanyi/Igonigoni	37	19
3	Ekureku I	60	30
4	Ekureku II	61	31
5	Imabana I	29	14
6	Imabana II	32	16
7	Usumutong/Abuego	28	14
8	Itigidi	30	15
9	Ebom	29	15
10	Ediba/Anong	39	19
	Total	373	187

*Source: Field survey, 2020*

## Presentation and data analysis

The data presentation and analysis were based on the research questions and hypotheses formulated for the study.

## Research question one

What is the relationship between record keeping and performance of small scale enterprises?

**Table 2:** The relationship between record keeping and performance of small scale enterprises

Descriptive statistics				
S/N	Variable: Record keeping	Mean	SD	Remarks
1	Record keeping improves the ability to evaluate the trend of spending and revenue of my business.	2.79	0.66	Agreed
2	Record keeping assist in making accurate report of current spending and revenue of my business.	2.98	0.78	Agreed
3	Accurate records enable me to know tax deductions during a particular period.	3.13	0.74	Agreed
4	Record keeping assists me in comparing actual results with projections in the business budget.	3.07	0.76	Agreed
5	Record keeping ensures accuracy of each payroll period to make sure that each employee receives the proper amount.	3.04	0.76	Agreed
	Grand mean	3.00		Agreed

*Source: Field survey, 2020*

Table 2 shows the result of the relationship between record keeping and performance of small scale enterprises in Abi local government area of Cross River state, Nigeria. From the table, the overall mean score of 3.00 is obtained, which imply that the respondents are of the view that there is a relationship between record-keeping and the performance of small scale enterprises in the area of the study.

## Research question two

How does revenue/expense records influence the performance of small scale enterprises?

**Table 3:** The influence of revenue/expense record on the performance of small scale enterprises

Descriptive statistics				
S/N	Variable: Revenue/expense records	Mean	SD	Remarks
1	Keeping record of revenues would enable me to assess performance of the business to know where improvement ids needed.	3.11	0.66	Agreed
2	Keeping record of expenses would serve as a key indicator to know the business performance.	3.21	0.59	Agreed
3	Keeping record of revenues/expenses helps in controlling fraudulent practices in the business.	3.17	0.63	Agreed
4	Keeping record of expense helps me to know expenses to eliminate in the next business month or year.	2.96	0.65	Agreed
5	Keeping record of revenue/expense assist in monitoring cash flow of the business.	2.90	0.72	Agreed
	Grand mean	3.07		Agreed

*Source: Field survey, 2020*

Table 3 shows the result of the influence of revenue/expense records on performance of small scale enterprises in Abi local government area of Cross River state, Nigeria. From the table the overall mean score of 3.07 is obtained, which imply that the respondents are of the view that revenue/expense record influence the performance of small scale enterprises in the area of the study.

## Research question three

What is the relationship between inventory records and performance of small scale enterprises?

Table 4 below shows the result of the relationship between inventory records and performance of small scale enterprises in Abi local government area of Cross River state, Nigeria. From the table, the overall mean score of 2.90 is obtained, which imply that the respondents are of the view that there is relationship between inventory

records and performance of small scale enterprises in the area of the study.

**Table 4:** The relationship between inventory records and performance of small scale enterprises

Descriptive statistics				
S/N	Variable: Inventory records	Mean	SD	Remarks
1	Keeping inventory records enhances monitoring of stock for requisition to meet customers' demand.	3.09	0.59	Agreed
2	Inventory records assist me to compare sales and balance of stock to evaluate business performance.	2.91	0.64	Agreed
3	Inventory records assist me to compare expenses and sales to evaluate business performance	2.71	0.69	Agreed
4	Inventory records would help in monitoring and controlling pilfering.	2.85	0.56	Agreed
5	I can use inventory records to track assets of the business.	2.96	0.58	Agreed
	Grand mean	2.90		Agreed

*Source: Field survey, 2020*

#### Research question four

How does an account receivables/payable record influence the performance of small scale enterprises?

**Table 5:** The influence of account receivables/payable record on the performance of small scale enterprises

Descriptive statistics				
S/N	Variable: Accounts receivables/payable records	Mean	SD	Remarks
1	I can use accounts receivables records to track business debtors.	3.33	0.51	Agreed
2	Account payable records can assist me in tracking business creditors to ensure that they pay off their debt.	3.11	0.69	Agreed
3	Accounts receivables records can assist me during business forecast.	2.99	0.79	Agreed
4	Account payable records can assist me in controlling the kind of liabilities I take.	3.17	0.66	Agreed
5	Accounts receivables records can assist me in prospecting for new products or business.	3.26	0.63	Agreed
	Grand mean	3.17		Agreed

*Source: Field survey, 2020*

Table 5 shows the result of the influence of accounts receivables/payable records on the performance of small scale enterprises in Abi local government area of Cross River state, Nigeria. From the table, the overall mean score of 3.17 is obtained, which imply that the respondents are of the view that accounts receivables/payable records

influence the performance of small scale enterprises in the area of the study.

#### Hypotheses Testing

**Ho<sub>1</sub>:** Record-keeping does not significantly relate to performance of small scale enterprises.

**Table 6:** Simple Linear Regression analysis of the relationship between record-keeping and performance of small scale enterprises

Source of variation	SS	Df	MS	F-ratio	p-level
Regression	905.18	2	452.59	74.56*	.005 <sup>b</sup>
Residual	1117.38	184	6.07		
Total	2022.56	186			
R = .814, R <sup>2</sup> = .809, Adj. R <sup>2</sup> = .807, Std. Error = 1.886					

*Source: Field survey, 2020*

From Table 6, the R which is the correlation coefficient of the independent and dependent variables was 0.814 indicating significant positive relationship between record-keeping and small scale enterprises performance. This showed that improved practice of record-keeping would

result in improved small scale enterprises performance. The coefficient of determination (Adj. R<sup>2</sup>) which explains the power of the independent variable in predicting the dependent variable is 0.807. This showed that up to 81 percent of variance in small scale performance is explained



by record keeping. The result also showed that ( $F_{2,184}$  74.56,  $P < 0.05$  ). This implies that the null hypothesis was rejected, and it was accepted alternately that record keeping significantly relate to small scale enterprises performance in Abi local government area.

**Ho<sub>2</sub>:** There is no significant influence of revenue/expense record on the performance of small scale enterprises.

**Table 7:** Simple Linear Regression analysis of revenue/expense record influence on the performance of small scale enterprises

Source of variation	SS	Df	MS	F-ratio	p-level
Regression	891.24	2	445.62	72.46*	.004 <sup>b</sup>
Residual	1131.32	184	6.15		
Total	2022.56	186			
R = .713, R <sup>2</sup> = .712, Adj. R <sup>2</sup> = .712 Std. Error = 1.832					

**Source:** Field survey, 2020

From Table 7, the R which is the correlation coefficient of the independent and dependent variables was 0.713 indicating a significant positive relationship between records of revenue/expense and small scale enterprises performance. This showed that improved practice of keeping records of revenue/expense would result in improved small scale enterprises performance. The coefficient of determination (Adj. R<sup>2</sup>) which explains the power of the independent variable in predicting the dependent variable is 0.712. This showed that up to 71 percent of the variance in small scale performance is

explained by records of revenue/expense. The result also showed that ( $F_{2,184}$  72.46,  $P < 0.05$  ). This implies that the null hypothesis was rejected and alternate was accepted that revenue/expense record significantly influenced small scale enterprises performance in Abi local government area

**Ho<sub>3</sub>:** There is no significant relationship between the inventory records and performance of small scale enterprises.

**Table 8:** Simple Linear Regression analysis of relationship between the inventory records and performance of small scale enterprises

Source of variation	SS	Df	MS	F-ratio	p-level
Regression	1023.20	2	511.60	94.22*	.006 <sup>b</sup>
Residual	999.36	184	5.43		
Total	2022.56	186			
R = .687 R <sup>2</sup> = .685, Adj. R <sup>2</sup> = .684, Std. Error = 1.211					

**Source:** Field survey, 2020

From Table 6, the R which is the correlation coefficient of the independent and dependent variables was 0.687 indicating significant positive relationship between keeping inventory records and small scale enterprises performance. This showed that improved practice of record inventory records would result in improved small scale enterprises performance. The coefficient of determination (Adj. R<sup>2</sup>) which explains the power of the independent variable in predicting the dependent variable is 0.684. This showed that up to 68 percent of the variance in small scale

performance is explained by the receivables/payable record. The result also showed that ( $F_{2,184}$  94.22,  $P < 0.05$  ). This implies that the null hypothesis was rejected and alternate was accepted that inventory record significantly influenced small scale enterprises performance in Abi Local Government Area.

**Ho<sub>4</sub>:** Account receivables/payable record does not significantly influence the performance of small scale enterprises.

**Table 9:** Simple Linear Regression analysis of account receivables/payable record does not significantly influence the performance of small scale enterprises

Source of variation	SS	Df	MS	F-ratio	p-level
Regression	889.24	2	444.62	72.18*	.005 <sup>b</sup>
Residual	1133.32	184	6.16		
Total	2022.56	186			
R = .935 R <sup>2</sup> = .875 Adj. R <sup>2</sup> = .873 Std. Error = 1.898					

**Field survey, 2020**

From Table 9, the R, which is the correlation coefficient of the independent and dependent variables, was .935 indicating a significant positive relationship between

receivables/payable records and small scale enterprises performance. This showed that improved practice of keeping records of receivables/payable would result in

improved small scale enterprises performance. The coefficient of determination (Adj.  $R^2$ ) which explains the power of the independent variable in predicting the dependent variable is .873. This showed that up to 87 percent of the variance in small scale performance is explained by record keeping. The result also showed that ( $F_{2,184}, 72.18, P < 0.05$ ). This implies that the null hypothesis was rejected and alternate was accepted that receivables/payable record significantly influenced small scale enterprises performance in Abi Local Government Area.

### Discussion of findings

Findings from the research question analysis revealed that there is significant relationship between record-keeping, inventory records and performance of small scales enterprises. Also revealed was a significant influence of revenue/expense and receivables/payable records on the performance of small scales enterprises. This finding is in line with the assertion of Muchira (2012) who said that keeping good financial records can positively influence management decisions of business owners or managers. It was further supported by Ibrahim (2015) who stated that the most important information to an entrepreneur comes from the accounting information. And that the accounting information is like the score card of an enterprise. And that they are indicators of growth potentials, earning ability, liquidity and stability.

The finding from the hypotheses showed that there is significantly relationship between record-keeping and small scale enterprises performance. This is because effective record-keeping of the day-to-day running of a business enables the firms to plan properly and also to curtail misappropriations of resources. The finding was supported by Ademola, Samuel and Ifedolapo (2012) who carried out a study on the roles of record-keeping in the survival and growth of small scale enterprises in Ijumu local government area of Kogi state. Their findings revealed that majority of the respondents do not keep business records and therefore do not even know whether their businesses are growing or not. They recommended that small scale entrepreneurs should keep up to date and accurate records of their business. This finding was further supported by Nketsiah (2018) who conducted a study on financial record-keeping practices of small business operators in the Sekondi-Takoradi Metropolitan Area of Ghana. The study which examined record-keeping practices of small business operators in the Sekondi-Takoradi Metropolis. This study found that 85% of small business operators keep records relating to customer's indebtedness, notwithstanding, asset register was the least records kept. The study recommended that there should be a mandatory policy for small business operators to keep records of their business transactions especially asset register. There is also the need to train most of the small business operators in Ghana on the relevance of using the computer-assisted software in record keeping.

The finding from hypothesis two showed that keeping revenue/expense records significantly influenced small scale enterprises performance. This is because when business owners keep records of revenue and expenses, he is better able keep track of activities of the business. The finding is in line with the work of Adu (2016) who stated that business will use revenue and expense journal or a ledger to keep track of records of how much money is going out, where it is going to, what is coming in. And that a revenue and expense journal is used by most small businesses and is single-entry accounting, recording receipts and expenditures only. Double-entry accounting involves a ledger and necessitates that each activity is recorded as a debit and credit on the books. Furthermore, the study of Abdul-Rahamon and Adejare (2014) on the impact of accounting records keeping on the performance of the small scale enterprises. This study which empirically investigated the effect of accounting records keeping on small scale enterprises concluded that there is a strong positive relationship between accounting records keeping and performance of small scale enterprises. It was recommended that the owners and managers of the small scale enterprises should embrace proper accounting records keeping practices for effective financial performance in their business.

The finding from hypothesis three revealed that there is a significant positive relationship between keeping inventory records and small scale enterprises performance. This is because proper inventory record would help prevent and detect fraud in the earliest time. The finding is in line with the study of Adu (2016) who said that keeping inventory records will enable business owners to prevent pilferage, keep inventory holdings to a minimum, and track buying trends among other things. In addition, the crucial inventory information needs to capture date purchased, a stock number of items purchased, purchased price, date sold and sale price. This is further supported by Barrera (2013) who stated that it is easy to turn cash into inventory but it is not easy to turn inventory into cash. Barrera found that when inventory is sold and floor space is freed up, the business profitability really changes. He suggested that the slow-moving inventory should not increase to more than 5% of all inventory stocked in the business. Moreover, only proper inventory records can bring that to light.

The finding in this regard showed that keeping receivables/payable records significantly influenced small scale enterprises performance. This is because products or services are paid for at the time of delivery, an account receivable tracking system is needed. Also, if services are provided or products for which people pay at a later date, the accounts receivable record keeps track of what is owed to you. Business owners can monitor accounts receivable by holding on to a copy of all invoices sent out or by keeping an account receivable record. In either way, the information is needed to capture invoice date, invoice number, invoice amount, terms, date paid, the amount paid, and the name of the entity being billed (Adu, 2016). In support of this finding, Adu (2016), further explained that

accounts payable are debts owed by an organization for goods and services. Keeping track of what is owed and when it is due will enable the organization to establish good credit and hold on to your money as long as possible.

In the same vein, Ademola, Samuel and Ifedolapo (2012), stressed that an enterprise must have many distinct daybooks which are a descriptive and orderly record of daily accounting transactions. Entries in the day books are properly entered in the journals before posting to the ledgers. The research stated that the transaction records any organization must keep include: Accounts receivables, Accounts payables, Accounts inventory records, Bank records, Sales records, Payroll records, Personnel records, Cash records, Purchase records. These books according to Wood & Sangster (2011) comprises sales book which records all sales invoices, Sales credits book to record all sales credit notes, Purchases book which records all purchase invoices and purchases credit books to record purchases credit notes. Also, Reed (2010) pointed out that for small scale businesses to succeed, they have to keep these prime documents; invoice, receipt and bank statements which are recorded in subsidiary books, purchases and sales day books, preparation of trial balance and the final financial reports. Accounting information are maintained for decision making, and appropriate business record keeping would provide business owner(s) and managers the opportunity to make informed decision. Hence, the finding of this study is in line with the Records Continuum Theory and Decision Usefulness Theory adopted for this study; this is because for a business to be able to measure performance, relevant records for a certain periods are compared. This comparison will enhance decision making process of the owner(s) or management. The implication of these findings is that competent and accurate record keeping practices of small scale enterprises would enhance business performance and that by raising the efficiency of record keeping practices will improve on the profitability of small scale enterprise owners in the area. More so, the findings of this study would serve as an eyes opener to business owners to know the importance of record keeping of business organization. Moreover, Government cloud take it as policy frame to ensure that every business be it small, medium or large scale, keeps the prime books of account that would enable the keep track of transactions and measure performance.

## Conclusion

The researchers concluded that there was a significant positive relationship between record-keeping, inventory records keeping and performance of small scales enterprises. They further established that keeping revenue/expense and receivables/payable records significantly influenced small scale enterprises performance in Abi local government area of Cross River state. This implies that record keeping play pivotal role in the existence, growth and development of a business

organization. Therefore, the success of small scale enterprises depends largely on appropriate record keeping practices. Without properly record keeping, everything will be done haphazardly; fraud can easily be perpetuated in the business, misappropriation and embezzlement cannot be detected, and gradually, the business will come to a finale point. Consequently, to curtail the excesses of the business managers and workers including the ability to make informed decision that would improve business performance, record keeping is not only needed but it is necessary, should business survive and operate at its optimal. Accounting records are used for decision making; they are used to track business activities called transactions and it is used to evaluate assets and liabilities of the business. Effective and efficient record-keeping of day-to-day business transactions will result in improved performance of a business organization.

## Recommendations

Based on the finding of the study, the following recommendations were made, that:

1. Government should come to the aid of small scale enterprises by empowering tertiary institutions in the state with more teaching staff and facilities to enable them extend distant-learning to small scale business owners who cannot enroll on a full time programme the opportunity to take up part-time training on the importance of record-keeping in an organization, in order to improve their arithmetical and accounting skills for proper record keeping.
2. Business owners who lacks the skills needed for proper record keeping practices should employ or hire someone with the requisite skills to keep day-to-day records of activities for the business.
3. In order to build trust on the accounting professionals hired to keep records of the organization, the business owners should at least once a year, employ the services of external auditors to examine their records to establish whether or not policies and procedures have been followed properly.
4. Furthermore, should government fail to equip the institutions in the state to organize long distant training for business owners as recommended in 1 above, the small scale business owners in the area should form a coalition among themselves to hire Professional Accountants to train them and their accountants or Book Keepers on emerging issues and trend in business record keeping and the types of books of account necessary to track transactions of their business.
5. As a way of supporting small scale enterprises in the area to improve in their record keeping skills, Government should organize workshops and seminars for small scale business owners and their

Accountants or Book Keepers at no cost on the part of the business owners.

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