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STRATEGIES FOR IMPROVING ACCOUNTING PRACTICES OF SMALL AND MEDIUM ENTERPRISES IN AWKA-SOUTH LOCAL GOVERNMENT AREA OF ANAMBRA STATE

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ABSTRACT

This study identified the strategies for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State. The study was guided by two research questions. The research utilized a descriptive survey design. The population of the study comprised 1,396 owners and employees of SMEs in Awka South Local Government Area of Anambra State. Proportionate sampling technique was used to select 10% of the population in the study area thereby making a total sample size of 140 respondents. A 24 items structured questionnaire was used as the instrument for collecting data from the respondents. Three experts validated the instrument and a reliability test using Cronbach Alpha method yielded 0.89. Data collected from the study was analyzed using mean scores and standard deviation. The findings revealed that to enhance accounting practices for Small and Medium Enterprises (SMEs), the key strategies include maintaining systematic records for budgeting, keeping business records separate from personal records and ability protect sensitive financial information. The study recommended that SMEs' owners should learn to practice record keeping as keeping well-maintained records show improved financial activities of their businesses.

Keywords: Accounting Practices, Records Keeping, Accounting Technological Tools, Small and Medium Enterprises.

Introduction

Accounting practices, according to Kimmel, Weygandt and Kieso (2019) is the systematic process of recording, summarizing, and reporting financial transactions of an organization. It involves preparing financial statements such as balance sheets, income statements, and cash flow statements that provide an overview of a company's financial health. Garrison, Noreen and Brewer (2018) added that accounting practices is the practice of providing internal information to aid managerial decision-making within an organization. It involves analyzing financial data, forecasting, budgeting, and determining the cost of production to assist management in making strategic business decisions.

Accounting practices play a pivotal role in the functioning of

businesses and society as a whole. According to Taiwo, Ayodeji and Yusuf (2016), accurate and reliable accounting practices provide a clear picture of a company's financial health. Financial statements, generated through accounting, enable stakeholders, including investors, creditors, and management, to make informed decisions about investing, lending, or strategic planning. Yahaya, Osemene and Salman (2017) added that accounting practices aid in assessing business performance through various financial ratios, trend analysis, and budgeting. This evaluation helps in identifying strengths, weaknesses, opportunities, and threats, assisting management in strategic planning and decision-making. Padachi (2017) had argued that accounting practices can boost the financial activities of Small and Medium Enterprises (SMEs).

Record-keeping refers to the systematic process of capturing, organizing, and maintaining detailed and accurate documentation of financial transactions, operational activities, and other essential business information (Helfat, 2017). It enables SMEs to track income, expenses, assets, liabilities, and cash flow, allowing for informed decision-making and strategic planning. Access to reliable financial data assists in identifying areas of inefficiency, potential cost reductions, and opportunities for revenue growth.

According to Boachie-Mensah and Marfo-Yiadom (2005), accounting technological tools refer to software applications, platforms, and digital solutions specifically designed to streamline and automate accounting processes. Encouraging the adoption of technology automates processes, reduces errors, and enhances efficiency in managing financial data.

Small and Medium Enterprises (SMEs) refer to businesses that fall within a certain size range, typically in terms of employees, revenue, or assets. The exact criteria for classifying an enterprise as small or medium can vary by country and industry. However, common parameters include the number of employees, annual turnover, or a combination of factors. SMEs are estimated at 97% of total businesses operating in Nigeria, which also makes for over 50% each in both workforce and industrial production (Taiwo, Ayodeji and Yusuf, 2012). Unfortunately, poor accounting practices among Small and Medium Enterprises (SMEs) can precipitate various issues, ultimately leading to business collapse and financial distress. Thus, this study explores strategies to improve accounting practices.

Research Questions.

The following research questions were answered in this study.

1. What are the record-keeping strategies for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State?
2. What are the technological tools for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State?

Research Method

The study adopted a descriptive survey design. According to Nworgu (2015), a descriptive survey aims at collecting data and describing in a systematic manner, the characteristic feature about a given population. It is therefore adequate for the study.

The population of the study comprised 1,396 owners and employees of SMEs in Awka South Local Government Area of Anambra State. Proportionate sampling technique was used to select 10% of the population in the study area thereby making a total sample size of 140 respondents. The instruments for data collection was a structured questionnaire which was adapted from other studies after extensive review of literature. The instrument was structured on a four-point rating scale of: Strongly Agree (SA) =4, Agree (A) =3, Disagree (D) =2 and Strongly disagree (SD) =1. It was validated by two experts from the Technology and Vocational Education, Faculty of Education, Nnamdi Azikiwe University, Awka. The reliability of the instrument was established using Cronbach Alpha's method with the reliability coefficients of 0.89. Data collected relating to the research questions were analyzed using mean score and standard deviation to determine the respondents' level of agreement on a particular item for the research questions.

Presentation of Results

Research Question 1: What are the record-keeping strategies for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State?

Table 1: Mean ratings and standard deviation of respondent on the record-keeping strategies for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State **N=140**

S/N	Item Descriptions	X	SD	Decisions
	Record-keeping strategies:			
1	Maintaining organized records for budgeting	2.90	0.912	Disagreed
2	Keeping historical data to plan effectively for the future	3.05	0.945	Agreed
3	Keeping well-maintained records that show sales of the business	3.00	0.725	Disagreed
4	Keeping up to date records of monitoring cash inflows and outflows of the business	3.30	0.801	Agreed
5	Keeping records that allow for the comparison of financial performance over time	3.05	0.826	Agreed
6	Keeping evidence of all transactions	2.75	0.967	Disagreed
7	Taking pictures of receipts to avoid faded records	2.90	0.912	Disagreed
8	Relating all business records including income, expenses and bank records	3.08	0.915	Agree
9	Keeping business records separate from personal records	3.11	9.312	Agree
	Grand Mean Score	**3.02**	**1.813**	Agreed

Table 1 shows the mean ratings and standard deviation of respondents on the record-keeping strategies for improving accounting practices of

Small and Medium Enterprises in Awka South Local Government Area of Anambra State. The results revealed that items 2, 4, 5, 8 and 9 have mean scores above grand mean score of 3.02 and are therefore accepted. This implies that the respondents agreed that the items are the record-keeping strategies for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State.

Research Question 2: What are the technological tools for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State?

Table 2: Mean ratings and standard deviation of respondents on the technological tools for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State **N=140**

S/N	Items Description	X	SD	Decisions
	Technological tools for improving accounting practices			
17	Allow automatic repetitive tasks like financial entry to reducing manual errors	2.90	0.968	Disagreed

Table 2 cont. **N=140**

S/N	Items Description	X	SD	Decisions
	Technological tools for improving accounting practices			
18	Provide instant access to financial data	3.05	0.999	Agreed
19	Protect sensitive financial information	3.05	0.945	Agreed
20	Provide software for monitoring cash inflows and outflows of the business	3.15	0.813	Agreed
21	Allow access to accounting tools that lead to long-term cost savings through increased efficiency	2.90	0.788	Disagreed
22	Ability to cloud-compute data	3.00	0.973	Agreed
23	Ability to manage functions from mobile phone	2.95	0.759	Disagreed
24	Ability to use artificial intelligence to record business transactions	3.00	0.945	Agreed
	Grand Mean Score	**3.00**	**0.892**	Agreed

Table 2 shows the mean ratings and standard deviation of respondents on the technological tools for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State. The results revealed that items 18, 19, 20, 22 and 24 have mean score rating above the grand mean of 3.00. They are therefore accepted. This implies that the respondents agreed that the items are the technological tools for improving accounting practices of Small and Medium Enterprises in Awka South Local Government Area of Anambra State.

Discussion of Findings

The findings indicated that the record-keeping strategies for improving accounting practices include: Keeping up to date records of monitoring cash inflows and outflows of the business. Also, keeping business records separate from personal records. These are in line with Kamilah (2017) findings which affirmed that effective record-keeping in Small and Medium Enterprises (SMEs) significantly improves accounting practices. Also, Atah & Bessong (2018) advised that Small scale business organization should keep the necessary records not only to survive but also to grow.

Moreover, the findings of technological tools strategies for improving accounting practices include: Provide instant access to financial data, protect sensitive financial information and provide software for monitoring cash inflows and outflow of the business. These findings concur with the findings of Sanusi (2011) who observed that no meaningful progress will be made in educational sector without adjusting to technological innovations and discoveries. Also, ability to cloud compute data and ability to use artificial intelligence to record business transactions are good strategies for improving accounting practices. This is in line with that of Oraemezi & Tinat (2023) who maintained that whether accountants are working on financial statements or providing advisory services, cloud computer ensures accessibility and enables multiple stakeholders to work together effectively.

Conclusion

Based on the findings of the study, it was concluded that to enhance accounting practices for Small and Medium Enterprises (SMEs), key strategies include maintaining systematic records for budgeting, comprehensive documentation of sales, retaining proof of transactions, and organizing business records meticulously. It is also crucial to separate business and personal records. Additionally, technological tools play a vital role in automating financial tasks and also to provide software for cash flow monitoring.

Recommendations

Based on the findings of the study, the following were recommended;

1. SMEs' owners should learn to practice record keeping as keeping well-maintained records show improved financial activities of their businesses.
2. School management should try as much as possible provide technological tools for the training of business education students.

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