

## **Impact of Accounting System on the Performance of Small and Medium Scale Enterprises in Nigeria (A Survey of SME's In North western State-Nigeria).**

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**ABSTRACT:** *Small and medium scale enterprises are gaining widespread acceptance worldwide as viable drivers of economic growth. However, several of these enterprises collapse without fulfilling the set objectives due to poor management and lack of proper accounting structure. This research work is aimed to examine the impact of sound accounting system on corporate performance of small and medium scale enterprises. This was done by a survey carried out through questionnaire administered as a source of primary. data, Data collected are analysed through one way analysis of variance(ANOVA) using minitab14 version with the Average mean value of 8,57143(85%) showing that accounting system has a great effect on the performance of small and medium scale enterprises in this region, Average mean value of 8,85714(88%) which indicate proper keeping of necessary books of account will bring more confidence on creditors and lenders to provide facilities to these businesses, an Average mean value of 8,85714(88%) also indicated accounting system if adopted will assist in business decision making and an Average mean value of 9,57143 (95%) of the study have also shown that lack of proper keeping of necessary books of account is making the audit and investigation of financial records of these businesses very difficult It was recommended that to encourage the adoption of sound accounting system in small and medium scale enterprises there should be adequate sensitization i.e seminars and workshops from the part of relevance Accounting professional bodies i.e ANAN, ICAN, CITN, CIBN and even the relevant tax authorities in the part of government to bring an awareness to these businesses so as to developed and reached the desired objectives.*

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Date of Submission: 26-01-2019

Date of acceptance: 09-02-2019

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### **I. BACKGROUND OF THE STUDY**

The Central Bank of Nigeria (2010), defined a small scale enterprises “as one whose capital investment does not exceeds ₦5 million (including land and working capital) or whose turnover is not more than ₦500 million annually and labour force of 11 to 300. Small and medium scale enterprises are gaining widespread acceptance as viable drivers of economic growth. However, several of these enterprises demise without fulfilling the set objectives due to poor management and lack of proper accounting structure. The peculiar nature of small and medium scale businesses call for careful consideration in their design of accounting systems. Small and medium scale enterprises are the majority of businesses found in variety of primary and intermediate production of the economy. Their establishments have a tremendous impact on the state and well-being of the nation in employment generation as well as sources of national outputs and revenues, providing input for large corporations They may lack the sophisticated knowledge to apply the detailed accounting processes, yet the value of accounting systems to these businesses is quite important.

An accounting system is an effective and efficient scheme for providing accurate financial information with respect to various financial transaction of any business for the purpose of controls. Regulatory requirements and internal administration of policies are key considerations in the design of an effective accounting system. Thus accounting systems show the books, records, vouchers, and files and related supporting data resulting from the application of the accounting processes. It involves the design of financial documents and transactions flow through an organization. This research work is aimed to examine the impact of sound accounting system on corporate performance of small and medium scale enterprises, a case study of some selected eighty (80) small and medium scale industry in North western state of Nigeria.

### **II. PROBLEM STATEMENT OF THE STUDY**

The place of sound accounting and internal control systems in any business, irrespective of its scale, cannot be overemphasized. A large number of small-scale businesses lack the expertise to practice proper accounting system. Hence, the existence of single entry in their books and in some cases incomplete records

become unavoidable. Audits of small and medium scale enterprises have proven to be among the most worrisome for professional accountants because of the inadequacy of keeping good internal controls, small and medium scale enterprises hardly give serious thoughts to the processes of accounting, yet the inadequacy and ineffectiveness of accounting processes have been responsible for untimely collapse of those businesses (Mukaila and Adeyemi, 2011)

### **III. OBJECTIVES OF THE STUDY**

#### **MAIN OBJECTIVE**

The main objective of this study is to assess the relevance or impact of accounting system on the performance of small and medium scale enterprises in North western state of Nigeria.

Specific objectives:

- To determine the extent to which proper accounting practice is carried out among these businesses;
- To examine whether proper accounting practice in small and medium scale aid in their corporate performance.
- To shows whether proper accounting practice in small and medium scale aid in the decision making
- To examine the limitations of small and medium scale enterprises in implementing good accounting systems.
- To determine whether inadequate practice of accounting system lead to problems of auditing in small and medium scale Enterprises.

### **IV. LITERATURE REVIEW**

#### **Nature of Small and Medium Scale Businesses**

In recent years, as part of the economic reforms in Nigeria, there has been a change of emphasis from the capital intensive, large-scale industrial businesses to small and medium scale enterprises with immense potentials for rapid economic and industrial development determining the scale of operations and structure of small and medium scale enterprises is crucial. Among the notable indicators are independent management (independent of any other party, except from the owners) mostly dominated by the sole proprietorships, partnerships, but mostly Nigerians favour “one-man” business for lack of trust. Flexibility of administration is another important feature of small and medium scale enterprise. This has greatly enhanced their productivity and profitability because administrative bottlenecks are totally absent. Adaptability to customers’ needs enhances competitiveness. (Olatunji, 2000; Aremu and Adeyemi, 2011) Other considerations include organizational manpower, limit on capital investment, annual turnover, management structure, as well as the assessment of size of particular enterprises. (Safiriyu, 2012) explains the relativity of such descriptions .Section 351 (1) of CAMA 1990 describes small and medium scale business as “a private company having a share capital; the amount of its turnover for the year in question should be a maximum of ₦2 million, or such amount as may be fixed by the commission; the net assets value is not more than ₦1 million; none of its members is alien to government or a government corporation; the directors should hold at least 5% of its equity share capital. The National Economic Reconstruction fund (1989) defined small scale enterprises as those with fixed asset other than land but inclusive of the cost of new investment not exceeding ₦10 million. The Central Bank of Nigeria (2010), defined small and medium scale enterprises “as one whose capital investment does not exceeds ₦5 million (including land and working capital) or whose turnover is not more than ₦500 million annually and a work force of 11 to 300.

#### **Accounting Systems: Concepts, Uses and Principles**

Accounting is the process of identifying, collecting, measuring, analyzing and communicating economic information to permit informed judgments and decisions by the users of the information. It is characterized as the language of business. (Niswonger and Fess, 1969) There exist several concepts, theories and principles with regard to the practice of accounting. Prominent among them are Going Concern, Consistency, Accrual, Business Entity, Money Measurement, Prudence and the Double Entry system of book keeping. Accounting manifests in several ways such as financial, cost, management and tax accounting. An accounting system is an orderly, efficient scheme for providing accurate and reliable information for controls. Regulatory requirements and internal administration policies must be considered in designing an effective and efficient accounting system. Accounting system should show the books, records, vouchers, and files and related supporting documents resulting from the application of the accounting process. (Oyewole, 2008). It comprises of steps, procedures, documentation and devices needed in the financial transaction process. The non-existence of good accounting system may lead to poor internal controls which is an avenue for wastes, fraud and misappropriation of resources. The existence of sound accounting system guarantees prompt action and customer satisfaction, thus increasing potentials for greater incomes and growth in real terms. (Robert et. al. 1998) states that measuring a company’s financial performance and financial position requires establishing a

distinct accounting period, “income statement shows the earnings of the firm between two balance sheet dates”. First, show the net earnings; second, indicate the earnings per share (EPS). To achieve this the trading profit and loss account and a balance sheet is prepared ( Shukla et al. 2006).

## V. RESEARCH METHODOLOGY

This is an exploratory research seeking to determine the impact of accounting system on small and medium scale enterprises. The primary source of data is questionnaire which was administered to eighty (80) SME's in North western States of Nigeria i.e Sokoto, Kebbi, Zamfara, Katsina, Kaduna, Kano and Jigawa state, for data gathering. Results was presented from all the administered questionnaire using statistical tables and graphs from each state, arguments and these will be analysed using One way ANOVA technique by minitab14 version. The test of significance is to be performed using n-1 degree of freedom at 0.05 level of significance.

HYPOTHESIS TO BE TESTED

$H_0 : \mu_1 = \mu_2$  ( there is no significance difference between the state)

$H_1 : \mu_1 \neq \mu_2$  (there is significance difference between the state)

$H_0 : \mu_1 = \mu_2$  ( there is no significance difference between the Argument)

$H_1 : \mu_1 \neq \mu_2$  (there is significance difference between the Argument)

## VI. DATA PRESENTATION AND ANALYSIS

**General Linear Model: Output versus State; Argument**

**TABLE I;** Does the enterprises know the purpose of keeping proper accounting records?

Factor Type Levels Values  
State random 7 Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara  
Argument random 4 A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,62	0,711
Argument	3	260,679	260,679	86,893	36,31	0,000
Error	18	43,071	43,071	2,393		
Total	27	312,679				

S = 1,54689 R-Sq = 86,23% R-Sq(adj) = 79,34%

### Interpretation

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.711 which is not less than level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).

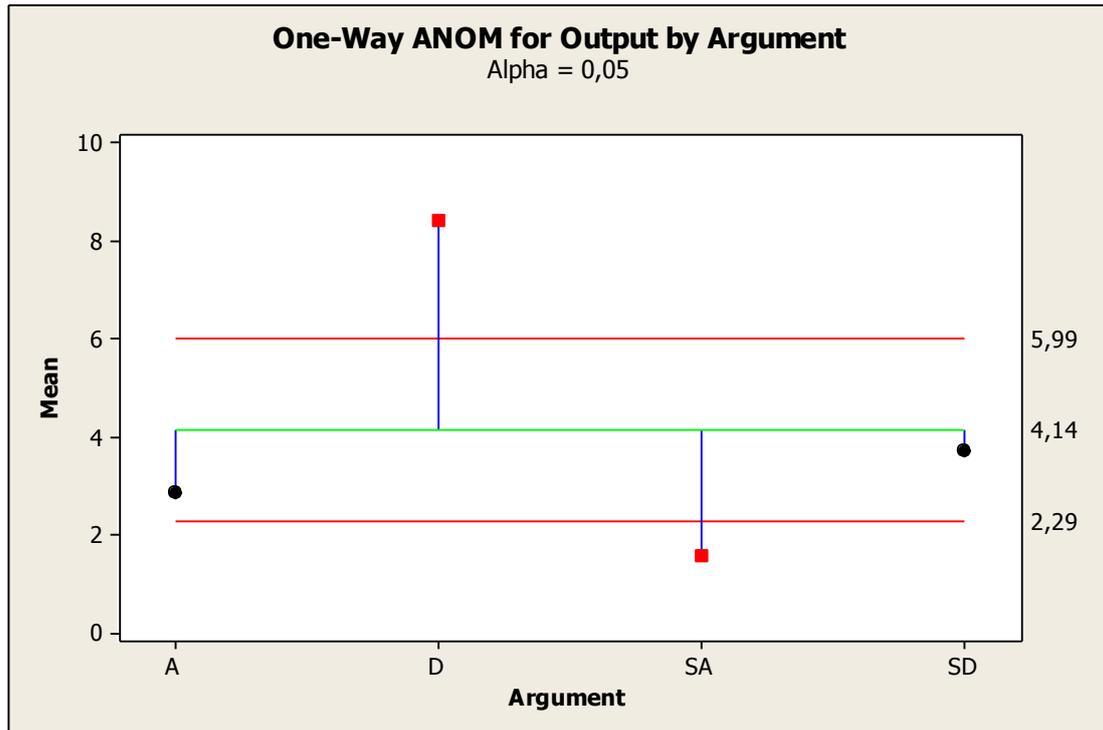


Figure 1

Looking at the one-way anova of the output by argument of figure 1 above. It can be seen that it has range between 2,29 and 5,99 mean average, such that Agree has 2,14286, Disagree with the 9,14286%, strongly agree with the 1,28571 and strongly disagree with the 3,85714 of the response of the respondents. This shows that the majority of the small and medium scale enterprises in the North western states of Nigeria does not know the importance of keeping proper books of account ,thus leading to keeping incomplete records,

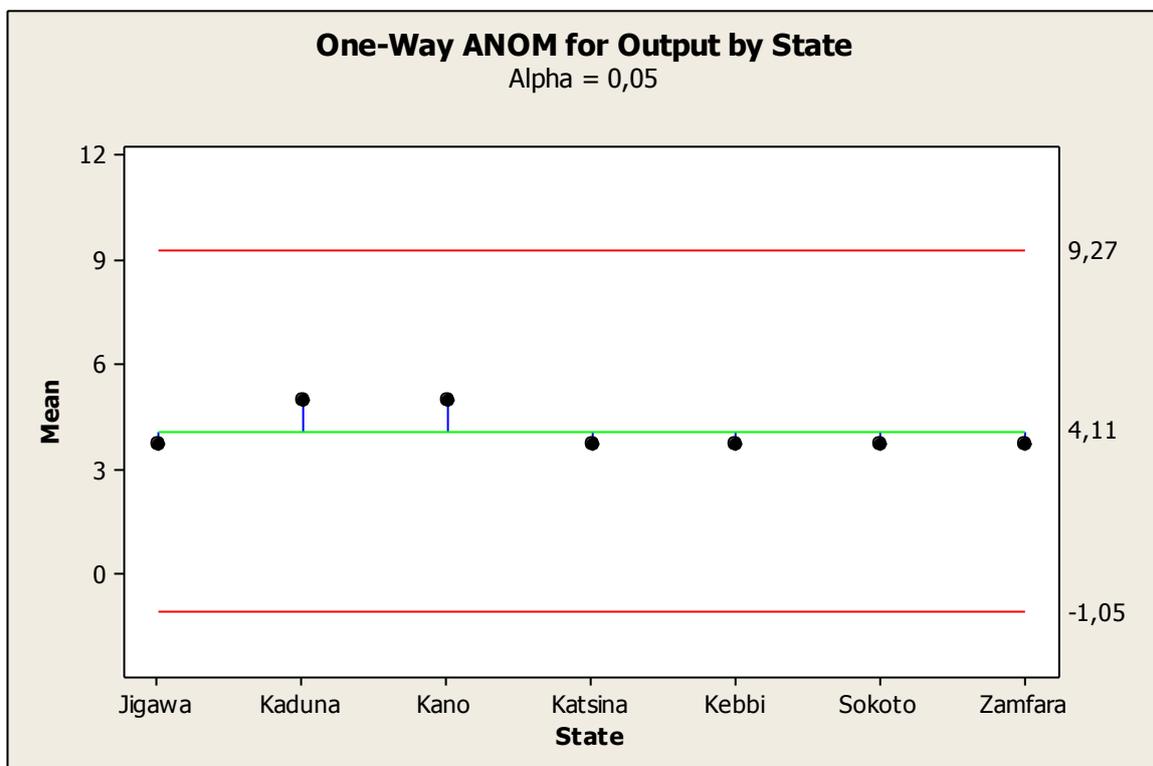


Figure 1

From the one way anova of the output by state of the figure 2 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,05 to 9,27) this shows that there is no significance difference between the states with regard to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 2:** Does your enterprises usually keeps records of accounts for accountability purpose?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

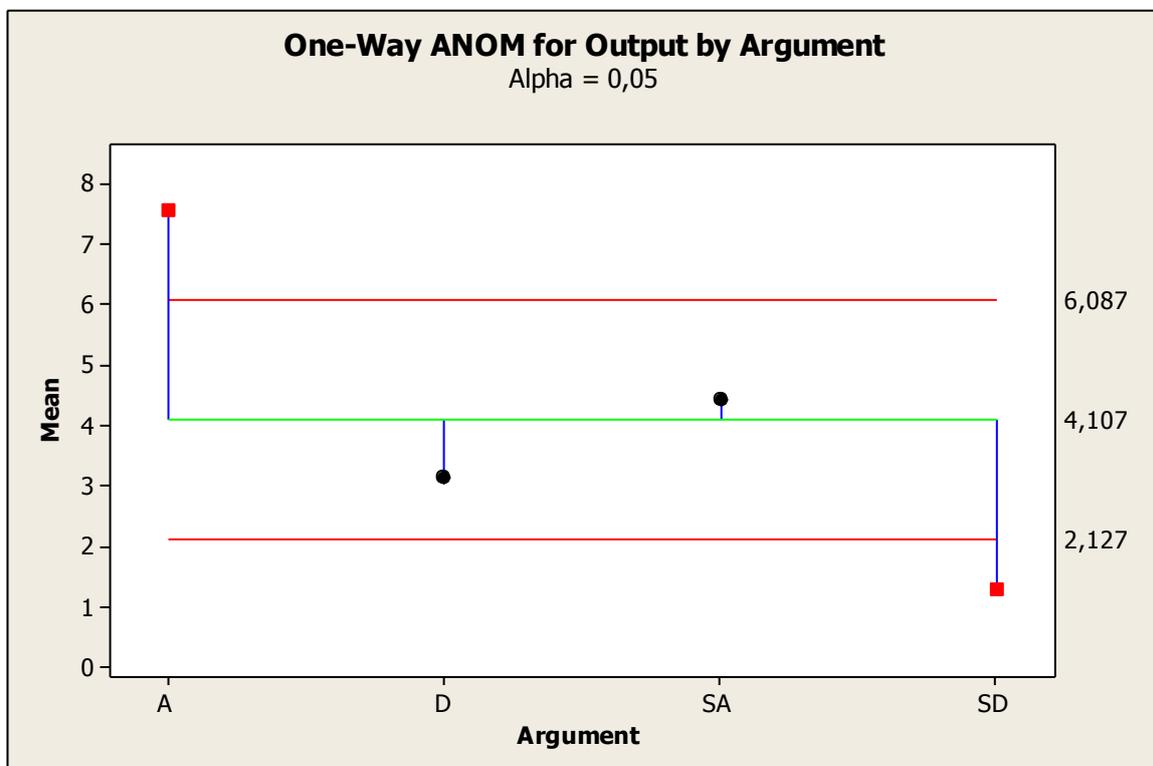
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,23	0,962
Argument	3	146,964	146,964	48,988	7,55	0,002
Error	18	116,786	116,786	6,488		
Total	27	272,679				

S = 2,54717 R-Sq = 57,17% R-Sq(adj) = 35,76%

**Interpretation**

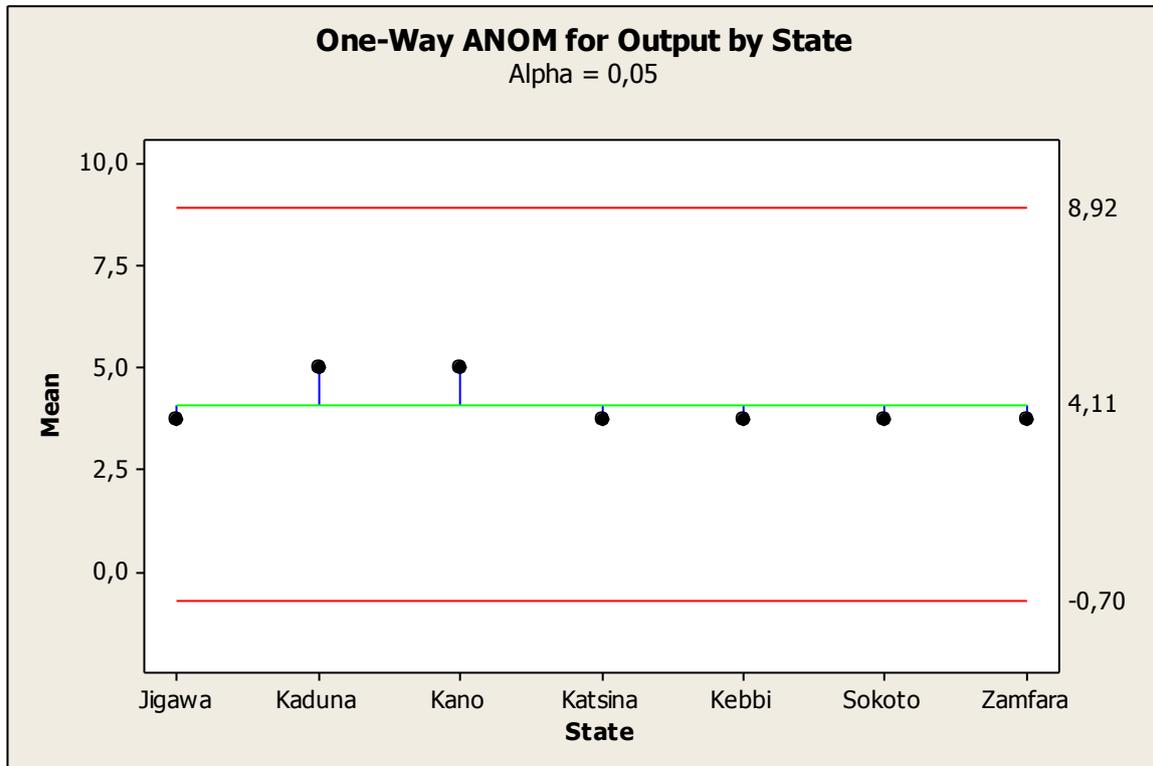
Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.962 which is not less than level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.002 which is less than 0.05 level of statistical significance, this mean that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).



**Figure 3**

Looking at the one-way anova of the output by argument of figure 3 above. It can be seen that it has range between 2,127 and 6,087 mean average, those Agree has 7, 57143, Disagree with the 3, 14286, strongly agree with the 4, 42857 and strongly disagree with the 1, 28571 of the response of the respondents. This show that majority of the enterprises record their financial dealing for their own accountability purpose.



**Figure 2**

From the one way anova of the output by state of the figure 4 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range (0,70 to 8,92) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 3:** Does your employees have proper knowledge of Accounting system?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

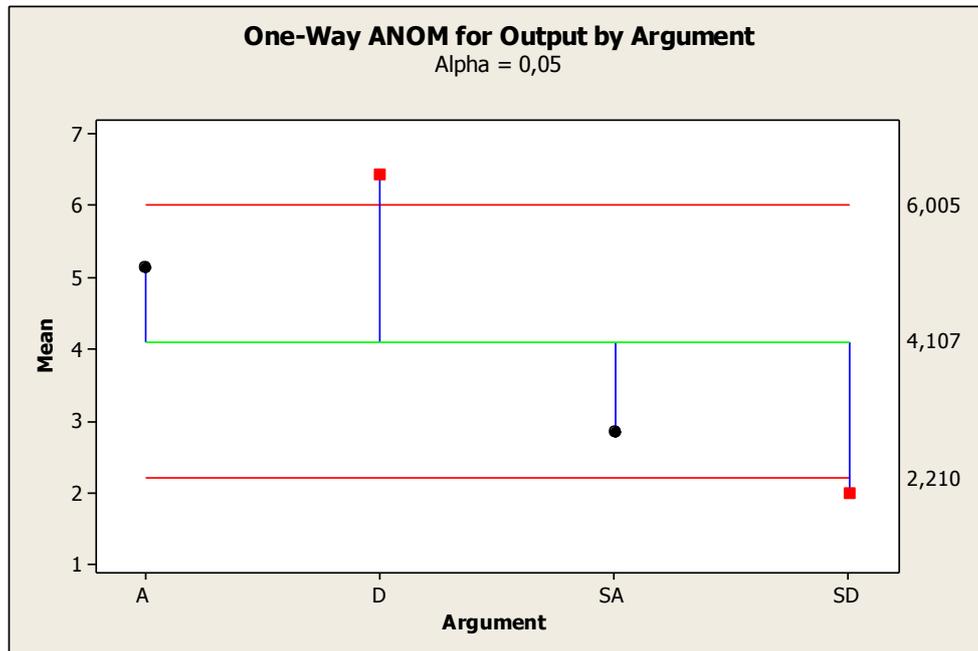
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,25	0,952
Argument	3	87,250	87,250	29,083	4,92	0,011
Error	18	106,500	106,500	5,917		
Total	27	202,679				

S = 2,43242 R-Sq = 47,45% R-Sq(adj) = 21,18%

**Interpretation**

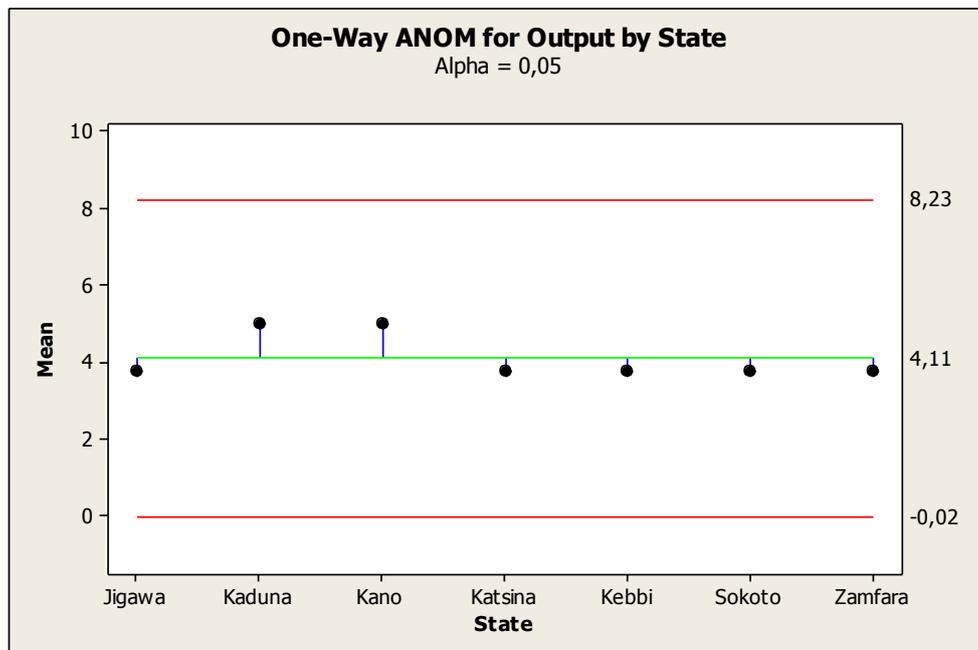
Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0,952 which is not less than the level of statistical significance 0,05. This means that the null hypothesis for state cannot be rejected at 0,05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.011 which is less than 0.05 level of statistical significance, this mean that the null hypothesis must be rejected. This implies that there is significance difference between the argument ( A, D, SA, SD).



**Figure 5**

Looking at the one-way anova of the output by argument of figure 5 above. It can be seen that it has range between 2,210 and 6,005 mean average, Agree has 5, 14286, Disagree with the 6, 42857, strongly agree with the 4, 42857 and strongly disagree with the 28571 1, of the response of the respondents. This shows that there is inadequate accounting knowledge from managers and staff of the small scale business enterprises across the North western state of Nigeria.



**Figure 3**

From the one way anova of the output by state of the figure 6 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( 0,02 to 8,23) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 4:** Does inadequate employee’s knowledge of Accounting limit your enterprise accountability?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

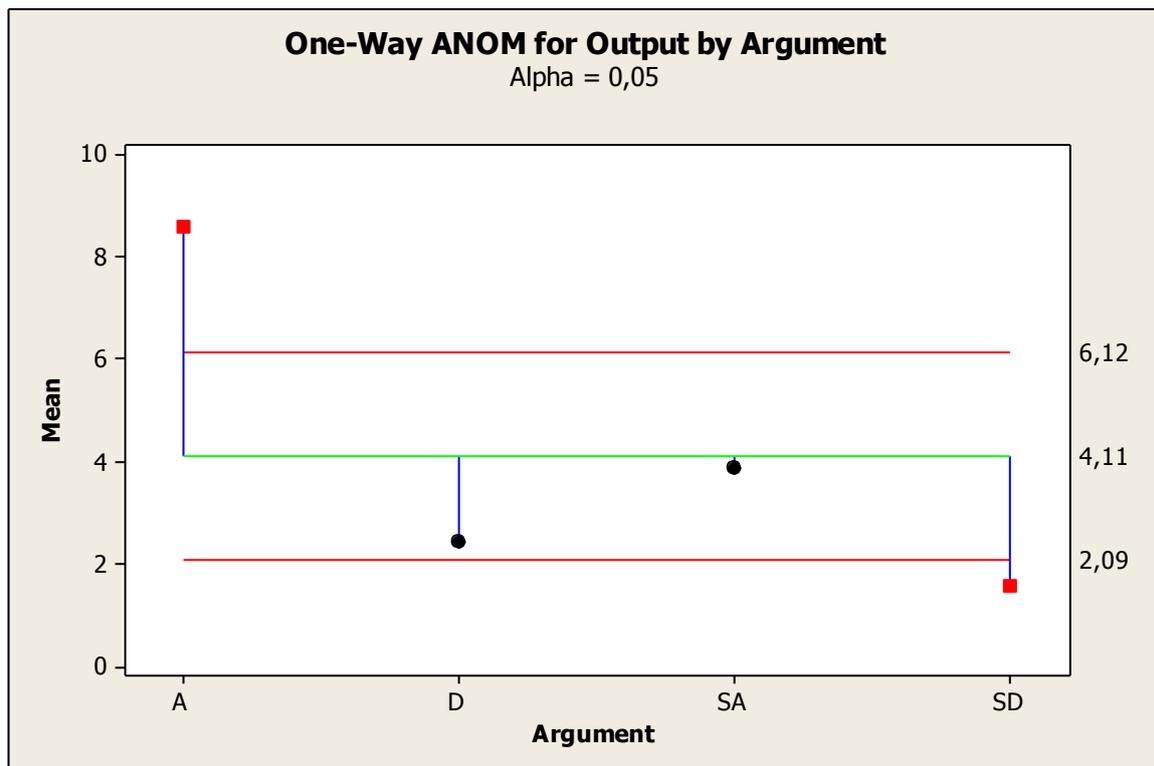
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,22	0,965
Argument	3	204,679	204,679	68,226	10,14	0,000
Error	18	121,071	121,071	6,726		
Total	27	334,679				

S = 2,59349 R-Sq = 63,82% R-Sq(adj) = 45,74%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.965 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).



**Figure 7**

Looking at the one-way anova of the output by augment of figure 7 above. It can be seen that it has range between 2,09 and 6,12 mean average, such that Agree has 8,57143, Disagree with the 2,42857, strongly agree with the 3,85714 and strongly disagree with the 1,57143 of the response of the people. This shows that inadequate knowledge of accounting sytem by small and medium scale enterprises limit their accountability.

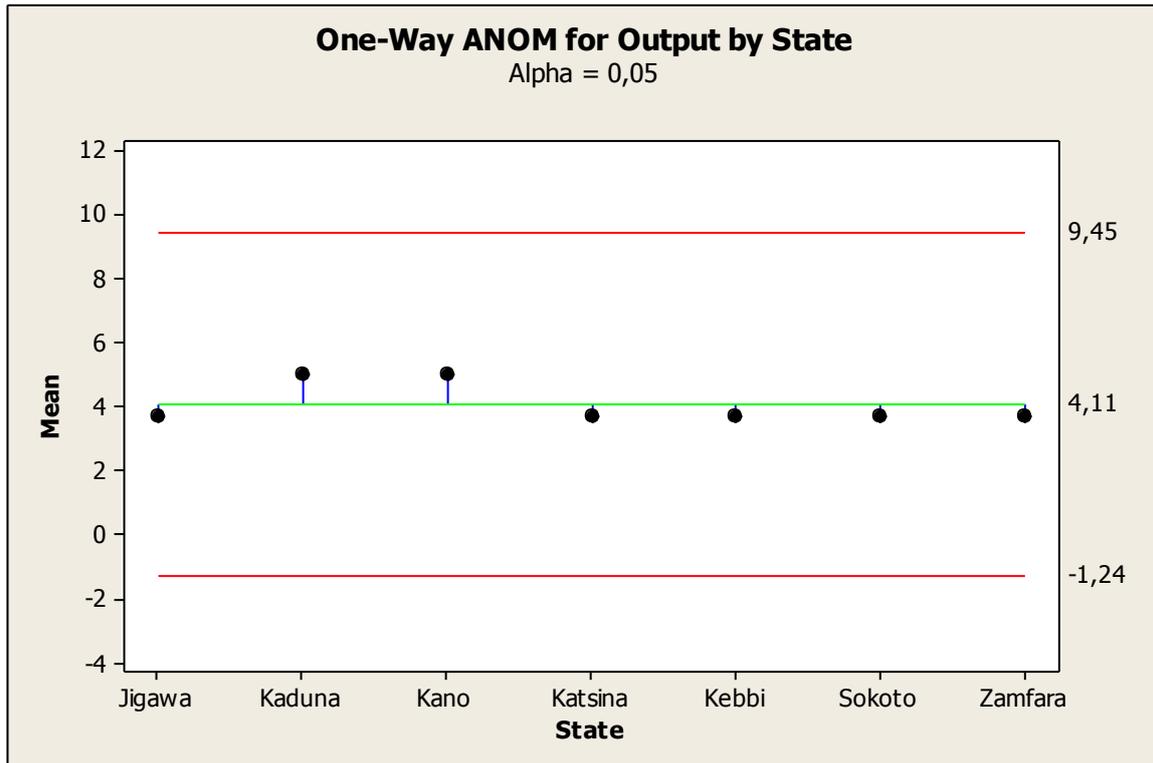


Figure 4

From the one way anova of the output by state of the figure 8 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,24 to 9,45) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 5:** Does proper accounting system is effectively implemented in your enterprises?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,59	0,731
Argument	3	280,679	280,679	93,560	37,36	0,000
Error	18	45,071	45,071	2,504		
Total	27	334,679				

S = 1,58239 R-Sq = 86,53% R-Sq(adj) = 79,80%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.965 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).

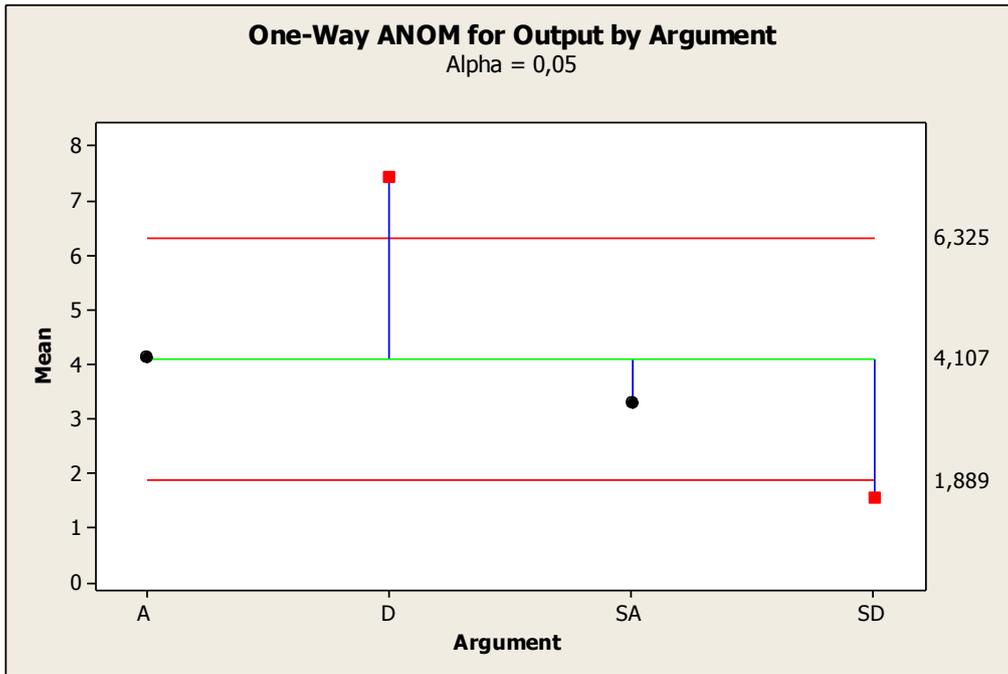


Figure 9

Looking at the one-way anova of the output by augment of figure 9 above. It can be seen that it has range between 1,889 and 6,325 mean average, such that Agree has 2,57143, Disagree with the 9,57143, strongly agree with the 1,85714 and strongly disagree with the 2,2857 of the response of the respondents. This shows that proper accounting system is not implemented in most of the small and medium scale business in the North western state of Nigeria.

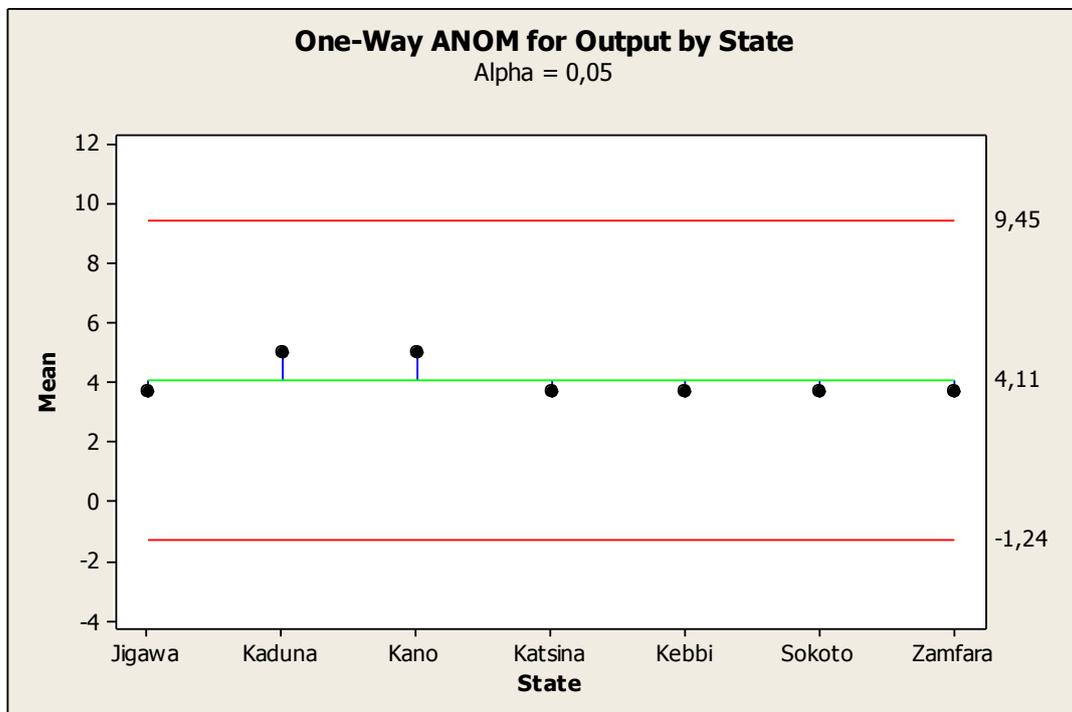


Figure 5

From the one way anova of the output by state in the figure 10 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,24 to 9,45) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 6:** Does accounting knowledge increase productivity in your enterprise?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

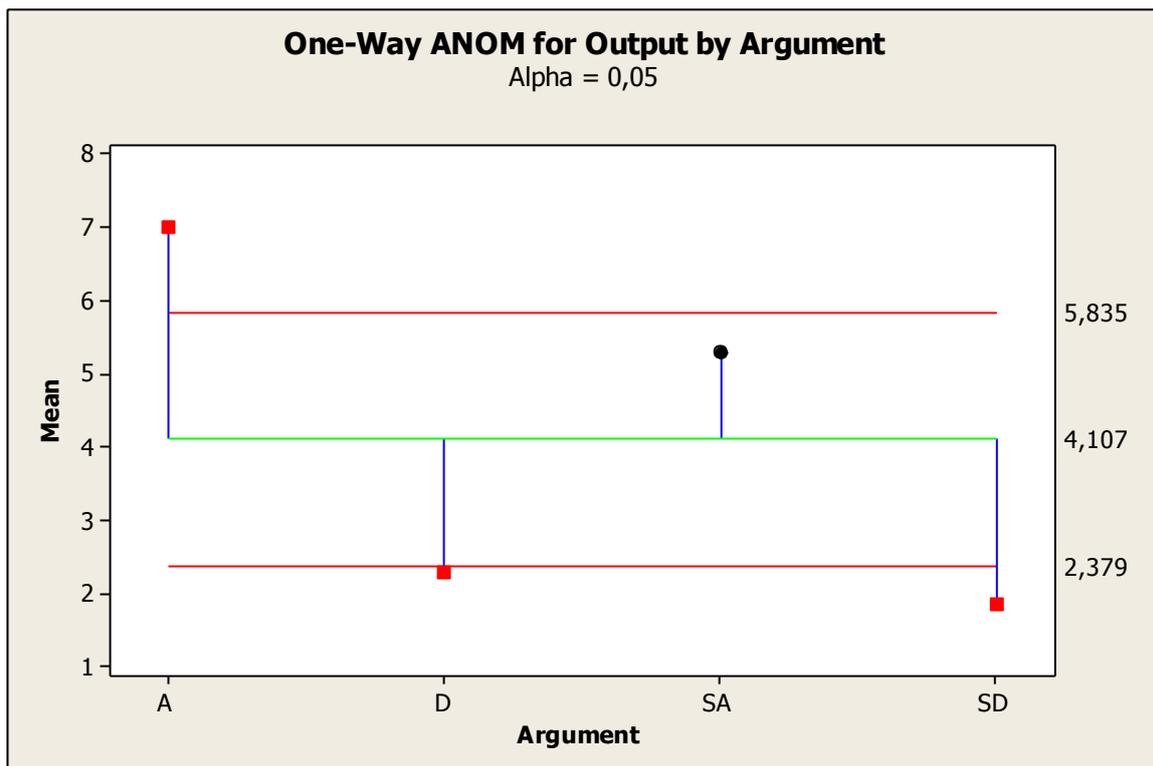
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,31	0,924
Argument	3	126,964	126,964	42,321	8,78	0,001
Error	18	86,786	86,786	4,821		
Total	27	222,679				

S = 2,19578 R-Sq = 61,03% R-Sq(adj) = 41,54%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.924 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.001 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).



**Figure6**

Looking at the one-way anova of the output by augment of figure 11 above. It can be seen that it has range between 2,379 and 5,835 mean average, such that Agree has 7.000 , strongly agree with the 5,28571, Disagree with the 2,28571 and strongly disagree with the 1,85714 of the response of the people. This shows that majority of the respondent agree that proper knowledge of accounting will help the enterprises to increase their productivity.

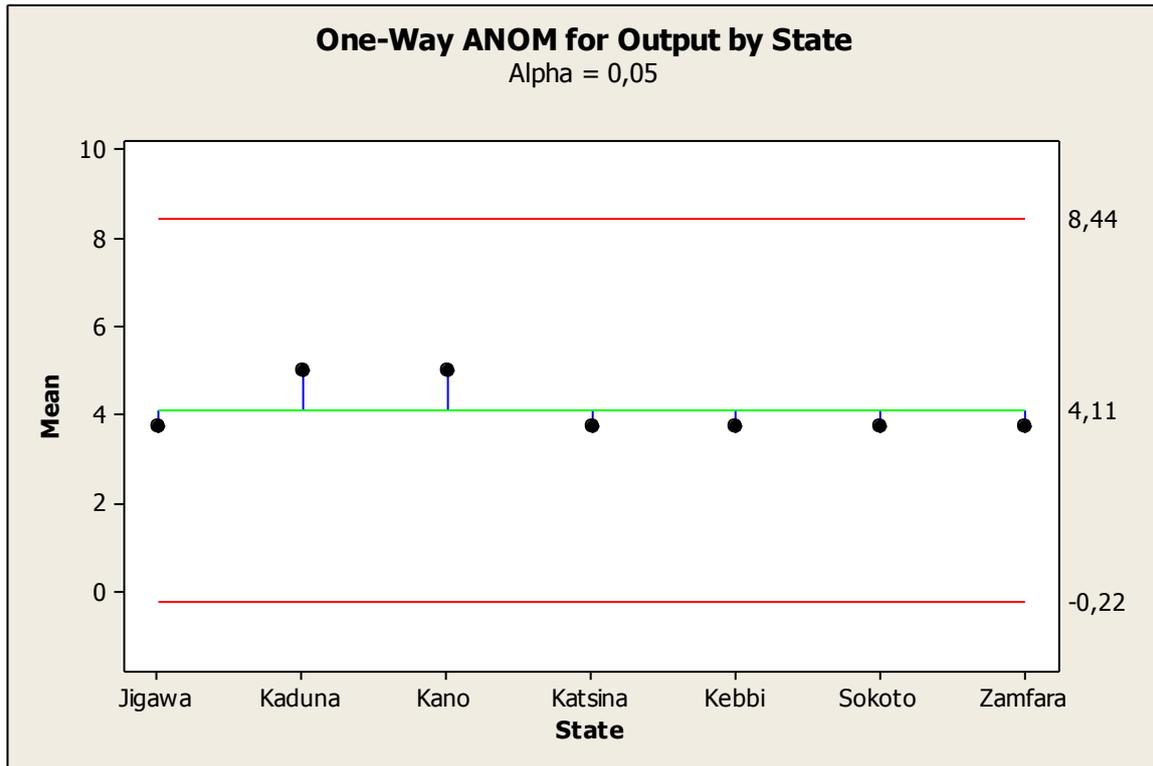


Figure 7

From the one way anova of the output by state of the figure 12 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -0,22 to 8,44) this shows that there is no significance difference between the states with regards to the question.

**General Linear Model: Output versus State; Argument**

**TABLE 7:** Does proper accounting system affect the overall performance of your enterprise?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,45	0,835
Argument	3	202,393	202,393	67,464	20,46	0,000
Error	18	59,357	59,357	3,298		
Total	27	270,679				

S = 1,81593 R-Sq = 78,07% R-Sq(adj) = 67,11%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.835 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument (A, D, SA, SD).

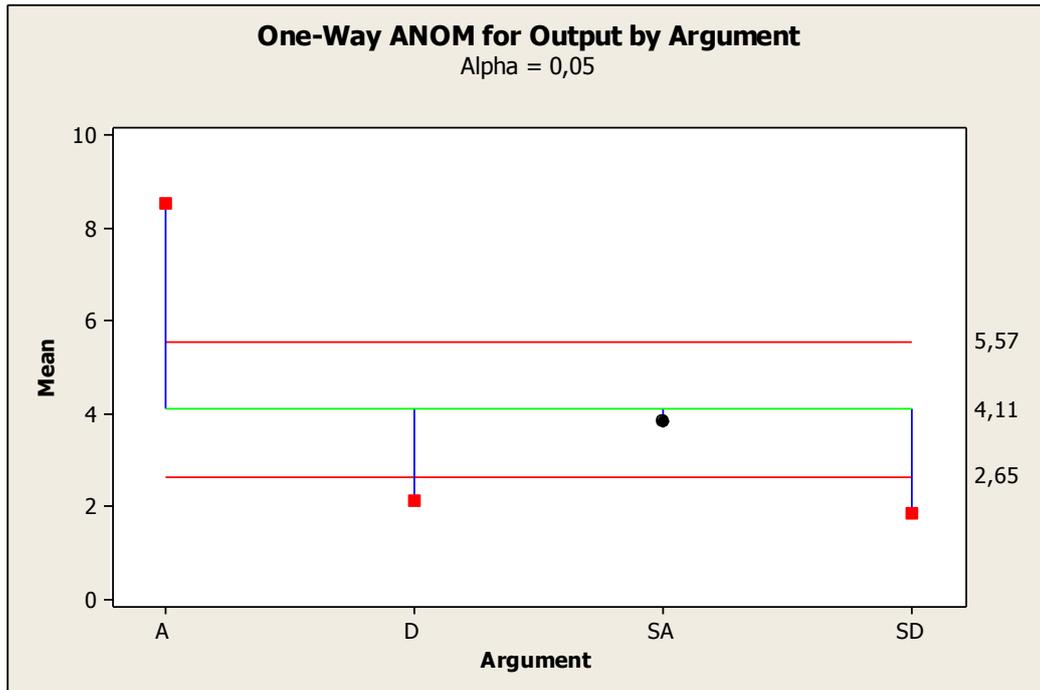


Figure 13

Looking at the one-way anova of the output by argument of figure 13 above. It can be seen that it has range between 2,65 and 5,57 mean average, such that Agree has 8,57143, Disagree with the 2,14286 , strongly agree with the 3,85714 and strongly disagree with the 1,85714 of the response of the respondents. This shows that majority of the respondents agree that proper accounting system affect the overall performance of the small and medium scale business in the North western state of Nigeria.

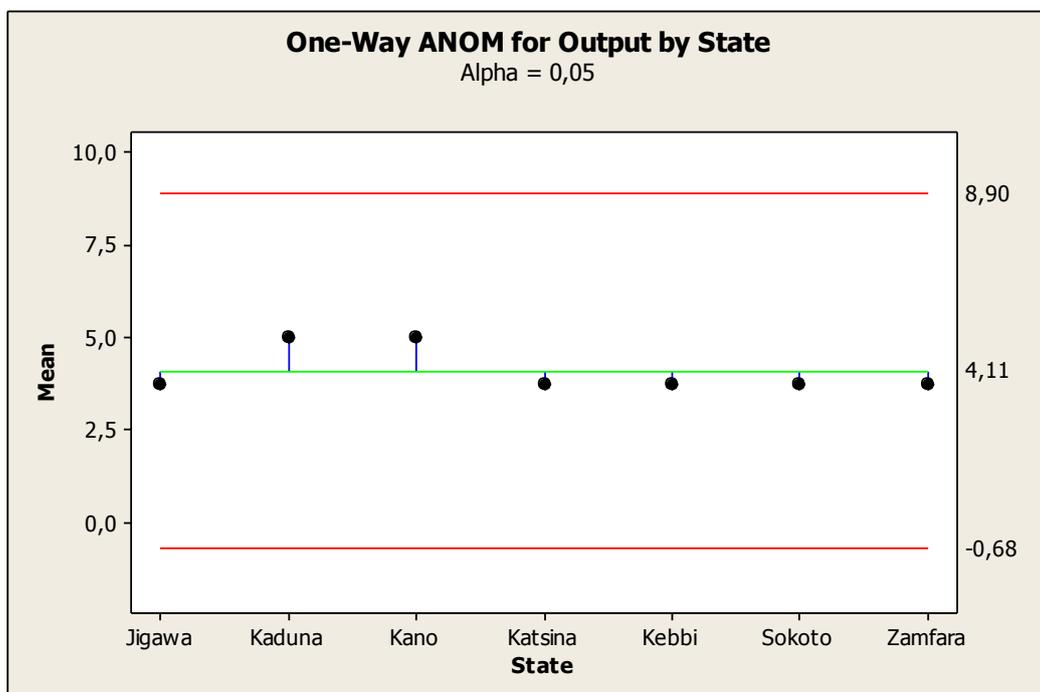


Figure 8

From the one way anova of the output by state of the figure 14 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -0,68 to 8,90) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 8:** Does proper accounting system assist your enterprise in decision making?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

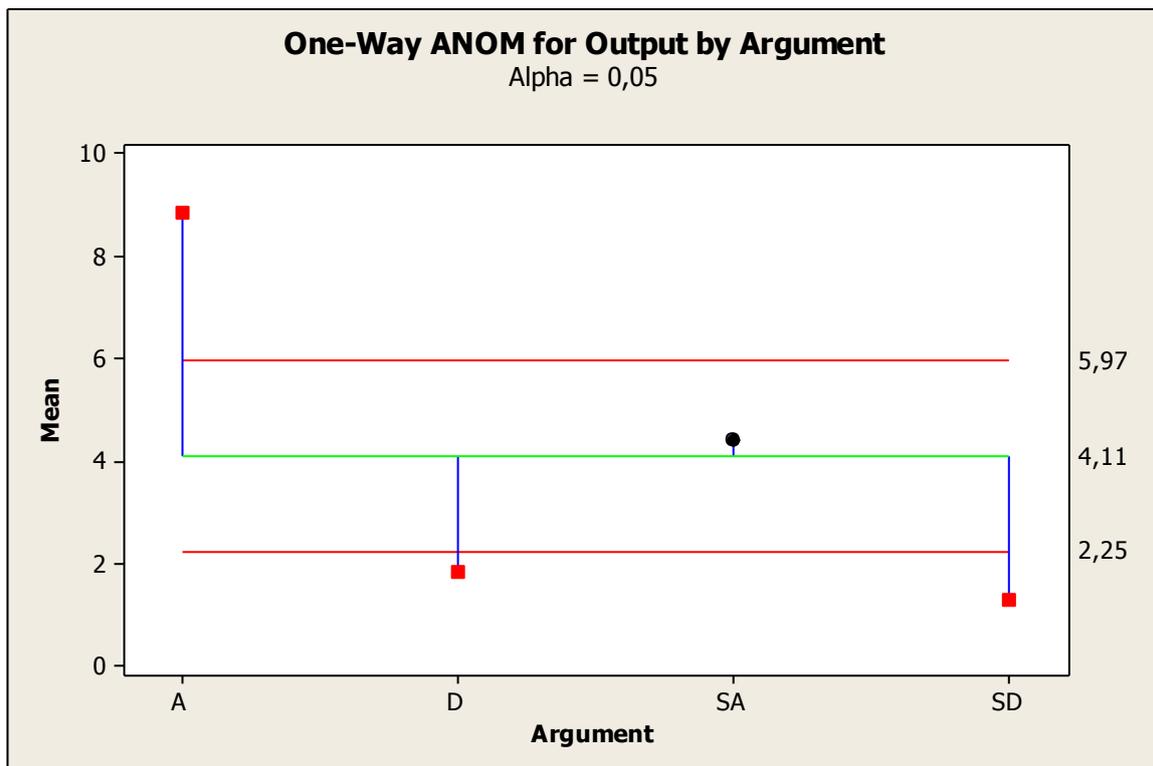
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,26	0,947
Argument	3	249,821	249,821	83,274	14,71	0,000
Error	18	101,929	101,929	5,663		
Total	27	360,679				

S = 2,37964 R-Sq = 71,74% R-Sq(adj) = 57,61%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.947 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).



**Figure 15**

Looking at the one-way anova of the output by augment of figure 15 above. It can be seen that it has range between 2,25 and 5,97 mean average, such that Agree has 8,85714 , Disagree with the 1,85714 strongly agree with the 4,42857 and strongly disagree with the 1,25571 of the response of the respondents. This shows that proper accounting system if implemented will assist in business decision making.

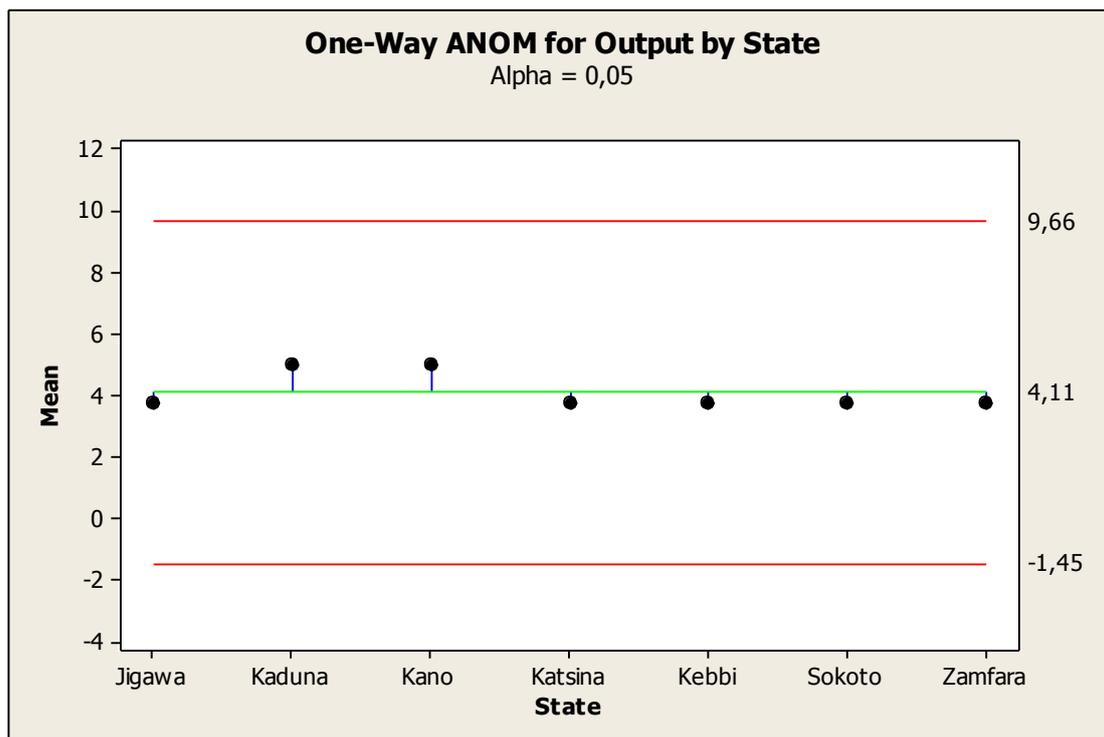


Figure 9

From the one way anova of the output by state of the figure 16 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,45 to 9,66) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 9:** Does accounting system improve internal control in your enterprise?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,24	0,956
Argument	3	229,250	229,250	76,417	12,45	0,000
Error	18	110,500	110,500	6,139		
Total	27	348,679				

S = 2,47768 R-Sq = 68,31% R-Sq(adj) = 52,46%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.956 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).

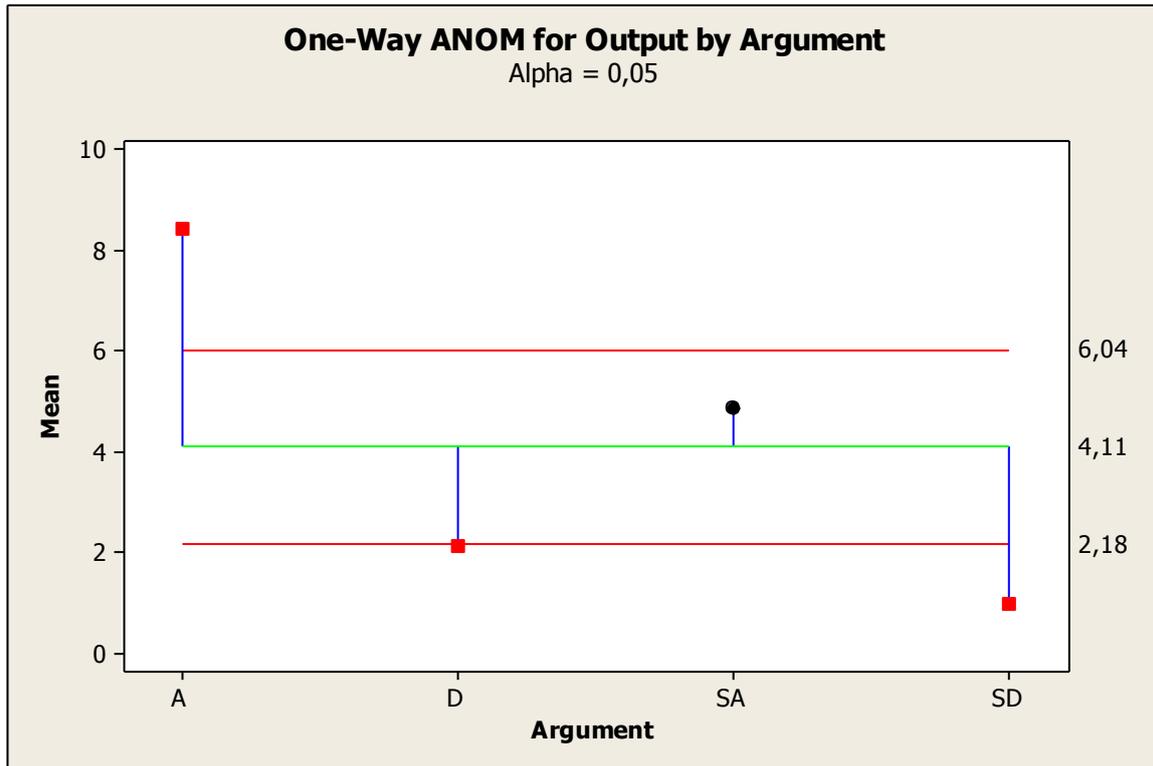
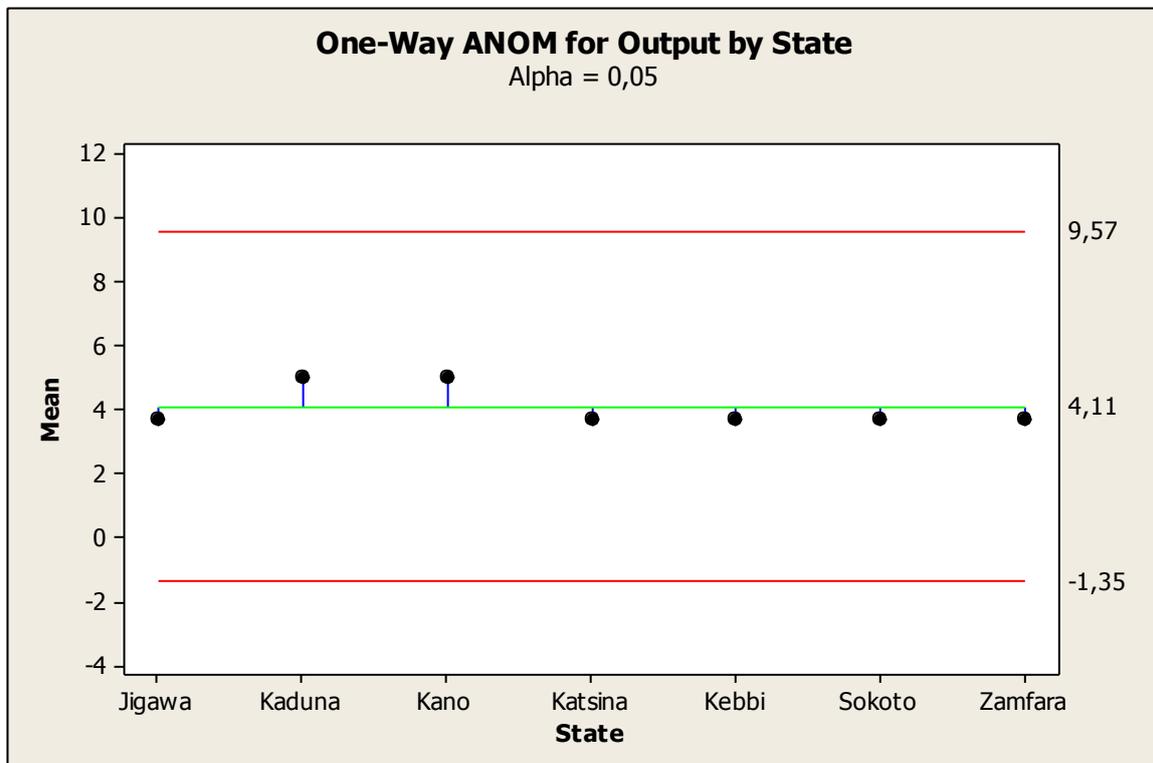


Figure 107

Looking at the one-way anova of the output by argument of figure 17 above. It can be seen that it has range between 2,18 and 6,04 mean average, such that Agree has 8,42857, Disagree with the 2,14286, strongly agree with the 4,85714 and strongly disagree with the 1.000 of the response of the respondents. This shows that majority of respondents agree that if proper accounting system is implemented by the small and medium scale enterprises it will improve their internal control system.



Figur18

From the one way anova of the output by state of the figure 18 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,35 to 9,57) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 10:** Does Accounting system increases creditor’s confidence?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

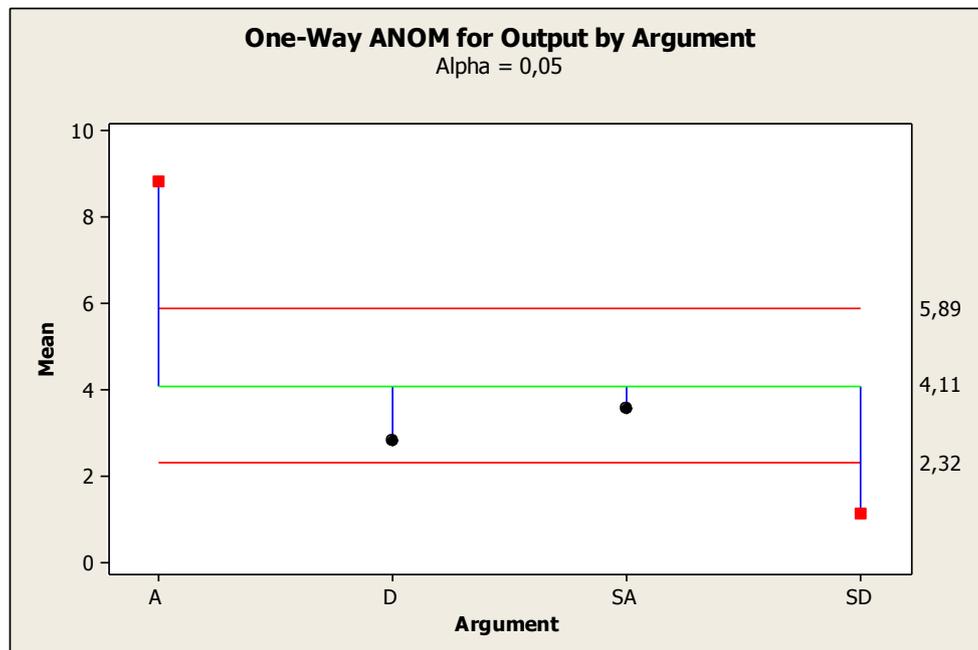
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,29	0,936
Argument	3	232,393	232,393	77,464	14,94	0,000
Error	18	93,357	93,357	5,187		
Total	27	334,679				

S = 2,27739 R-Sq = 72,11% R-Sq(adj) = 58,16%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.936 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD).



**Figure 19**

Looking at the one-way anova of the output by augment of figure 19 above. It can be seen that it has range between 2,32 and 5,89 mean average, such that Agree has 8,85714% Disagree with the 2,85714, strongly agree with the 3,57143 and strongly disagree with the 1,14286 of the response of the respondents. This shows that majority of the respondents agreed that if proper accounting system is adopted by these types of enterprises it will assist them assess the facilities from their creditors for improve performance.

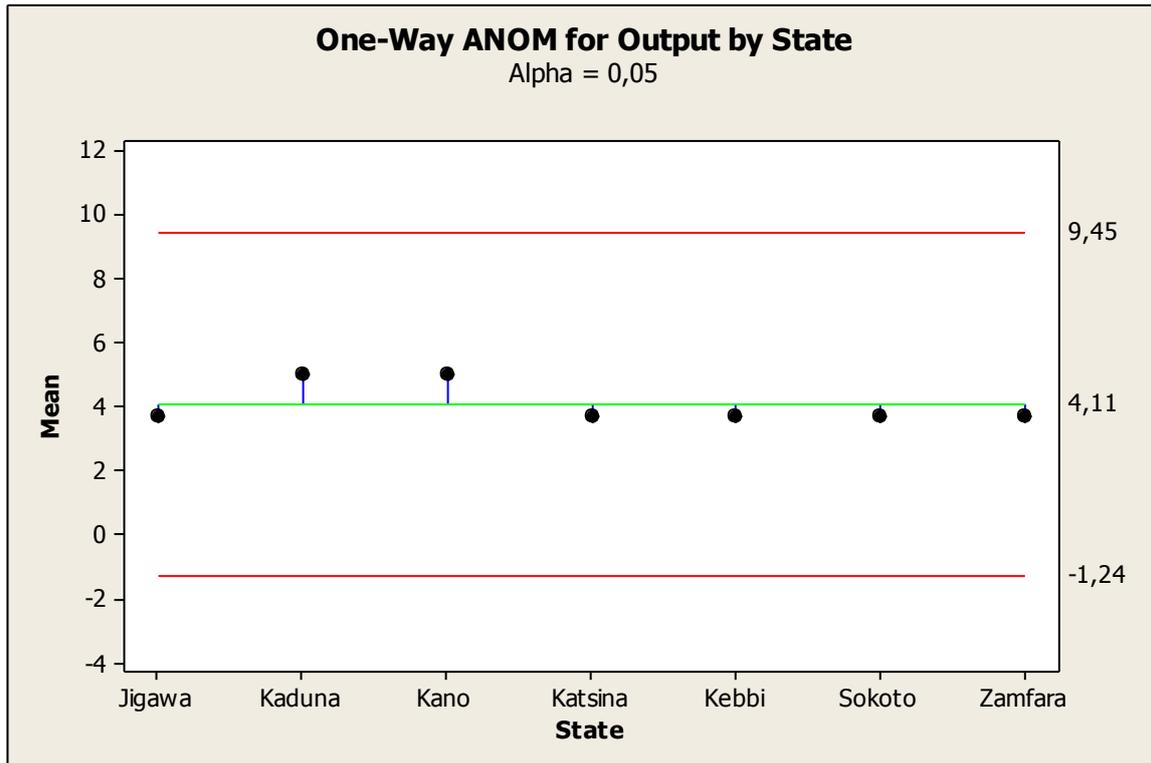


Figure 20

From the one way anova of the output by state of the figure 20 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,24 to 9,45) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 11:** Does management information system assist your enterprise in implementing proper accounting system for enhanced performance?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,19	0,975
Argument	3	158,679	158,679	52,893	6,85	0,003
Error	18	139,071	139,071	7,726		
Total	27	306,679				

S = 2,77960 R-Sq = 54,65% R-Sq(adj) = 31,98%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.975 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.003 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD)

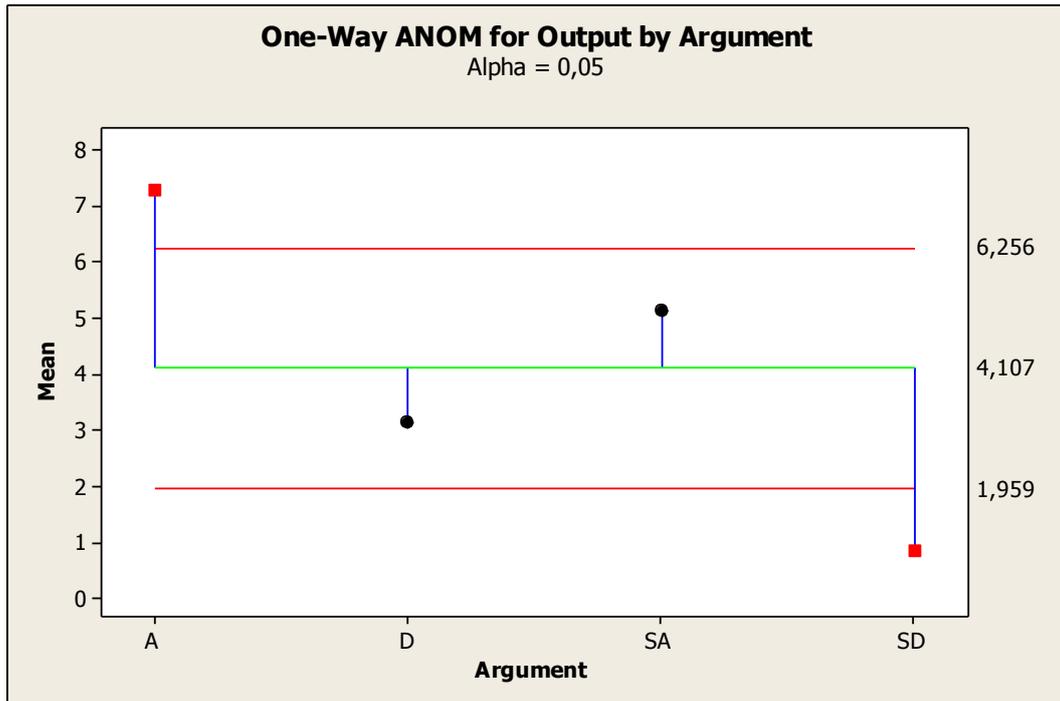


Figure 21

Looking at the one-way anova of the output by augment of figure 21 above. It can be seen that it has range between 1,959 and 6,256 mean average, such that Agree has 7,28571, Disagree with the 3,14286, strongly agree with the 5,14286 and strongly disagree with the 0,85714 of the response of the respondents. This shows that those that majority of the respondents agreed that M.I.S (computer) will enhanced the performance of the Enterprises.

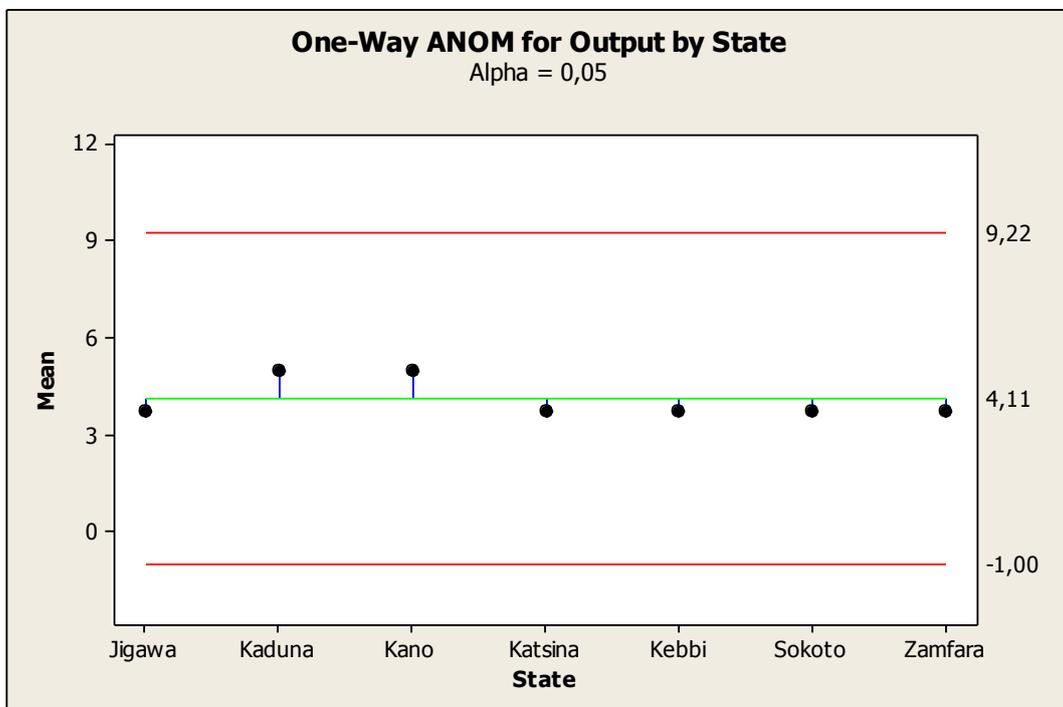


Figure 22

From the one way anova of the output by state of the figure 22 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,00 to 9,22) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 12 :** Does cost in implementing accounting system hinder adoption and implementation of accounting in your enterprise?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

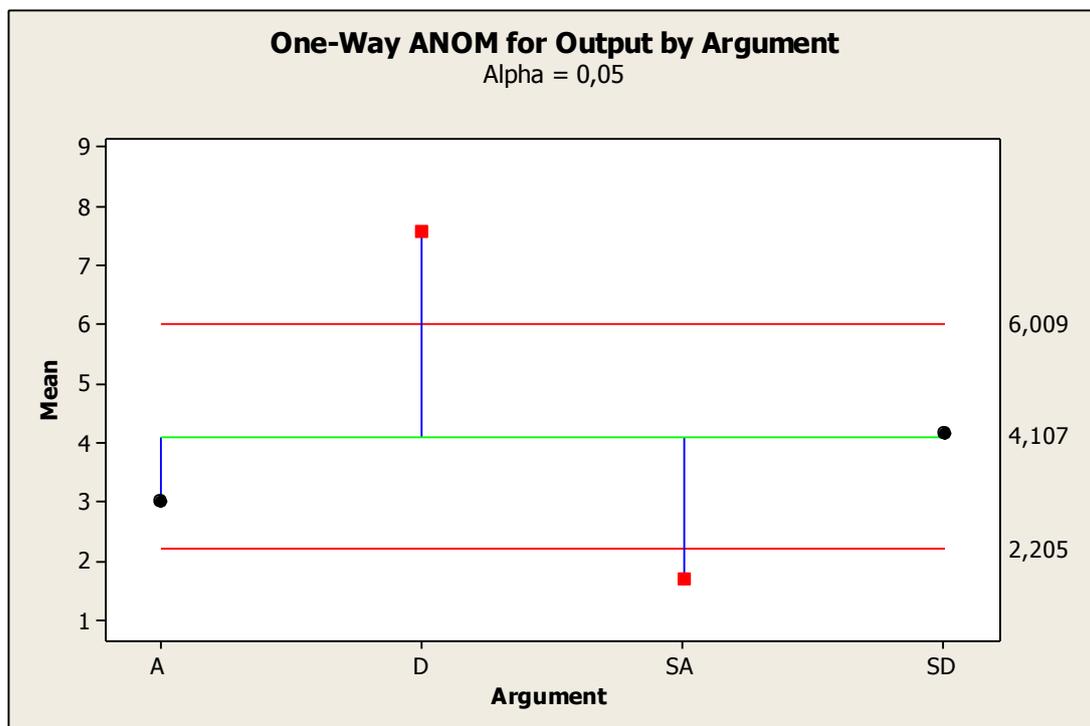
Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,25	0,953
Argument	3	132,679	132,679	44,226	7,43	0,002
Error	18	107,071	107,071	5,948		
Total	27	248,679				

S = 2,43894 R-Sq = 56,94% R-Sq(adj) = 35,42%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.953 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.002 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument( A, D, SA, SD)



**Figure 23**

Looking at the one-way anova of the output by argument of figure 23 above. It can be seen that I t has range between 2,205 and 6,009 mean average, such that Agree has 3.000, Disagree with the 7, 57143, strongly agree with the 1, 71429 and strongly disagree has 4, 14286 of the response of the respondents. This shows that those that cost implication has no adverse effect for Enterprises to adopt a proper accounting system for their financial transactions.

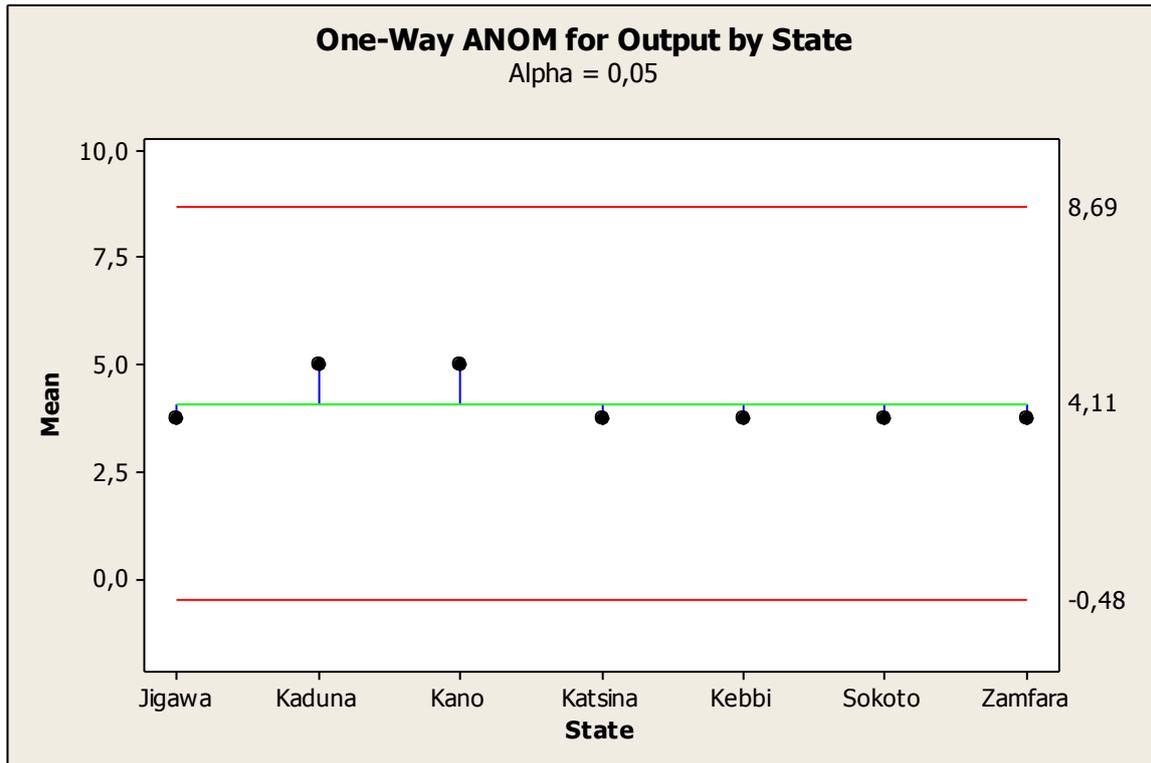


Figure 24

From the one way anova of the output by state of the figure 24 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -0,48 to 8,69) this shows that there is no significance difference between the states with regards to the above question.

**General Linear Model: Output versus State; Argument**

**TABLE 13:** Does inadequate keeping of accounting records lead to problems in audit of your enterprise?

Factor	Type	Levels	Values
State	random	7	Jigawa; Kaduna; Kano; Katsina; Kebbi; Sokoto; Zamfara
Argument	random	4	A; D; SA; SD

Analysis of Variance for Output, using Adjusted SS for Tests

Source	DF	Seq SS	Adj SS	Adj MS	F	P
State	6	8,929	8,929	1,488	0,50	0,797
Argument	3	302,679	302,679	100,893	34,22	0,000
Error	18	53,071	53,071	2,948		
Total	27	364,679				

S = 1,71709 R-Sq = 85,45% R-Sq(adj) = 78,17%

**Interpretation**

Looking at the output of the analysis of variance of General linear model above. It can be observed that the p-value of the state is 0.797 which is not less than the level of statistical significance 0.05. This means that the null hypothesis for state cannot be rejected at 0.05 significance level. This implies that there is no significance difference between the states.

However, looking at the p-value of the Argument is 0.000 which is less than 0.05 level of statistical significance, this means that the null hypothesis must be rejected. This implies that there is significance difference between the argument ( A, D, SA, SD)

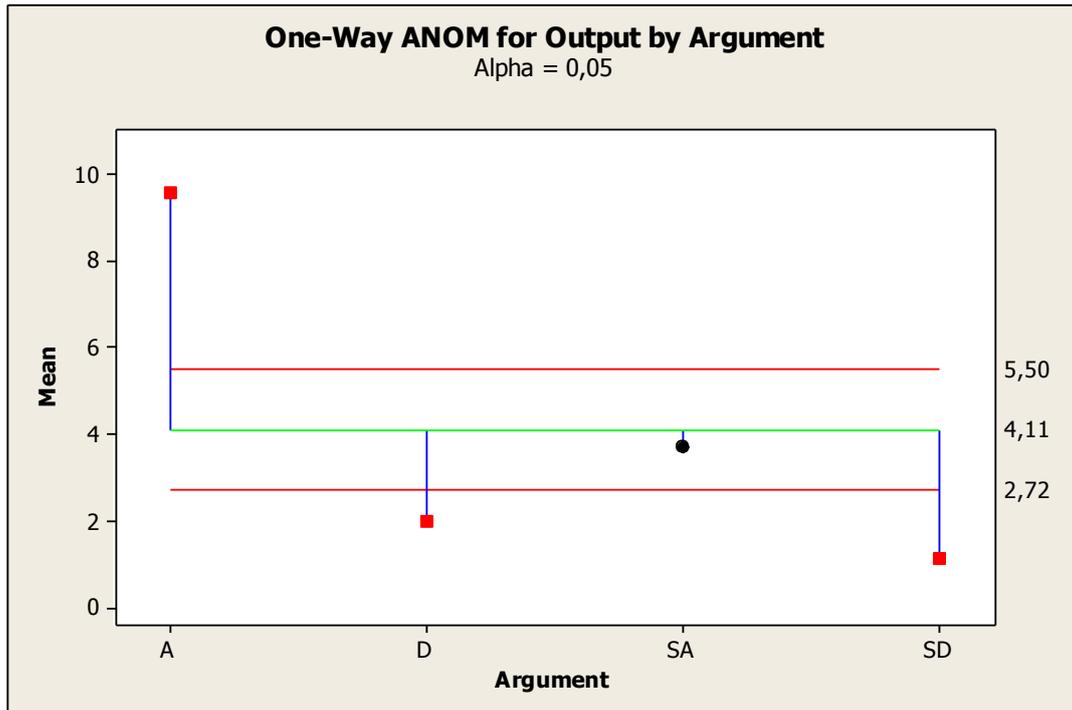


Figure 25

Looking at the one-way anova of the output by argument of figure 25 above. It can be seen that it has range between 2,72 and 5,50 mean average, such that Agree has 9,57143, Disagree with the 2% strongly agree with the 3,71429% and strongly disagree with the 1,14286 of the response of the respondents. This shows that due to incomplete records keeping made it difficult to effectively audit small and medium scale enterprises.

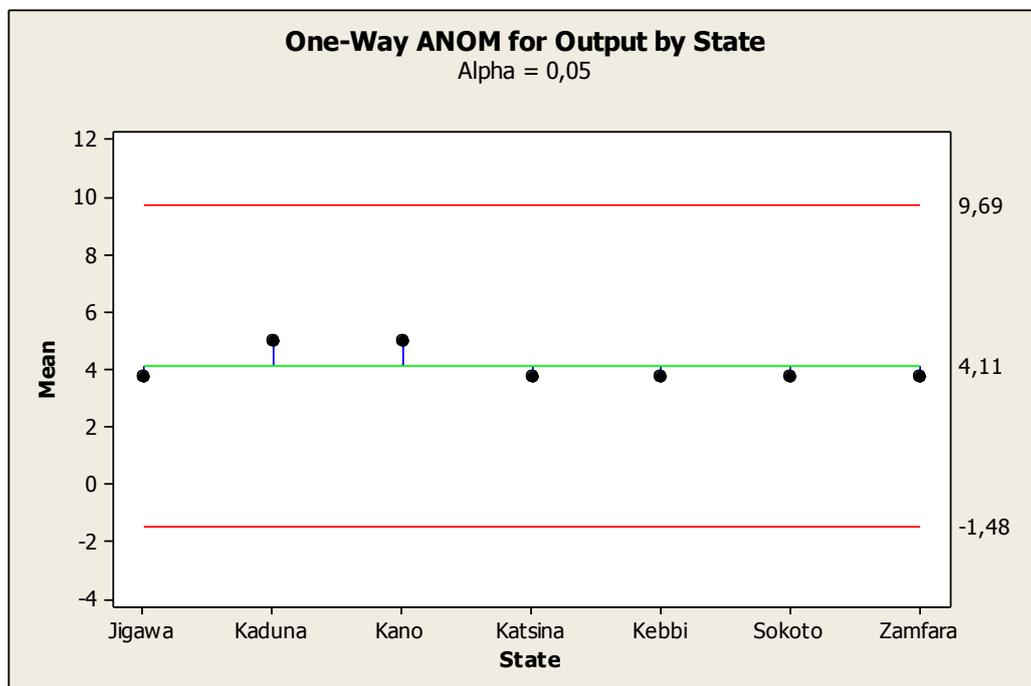


Figure 26

From the one way anova of the output by state of the figure 26 above. It can be observed that the mean average is 4,11. However, it can be seen that all the mean average of the states are within the range ( -1,48 to 9,69) this shows that there is no significance difference between the states with regards to the above question.

## VII. Discussion of Results

Responses on the impact of accounting system on the performance of SMEs showed that more than eighty percent of respondents Agreed that proper accounting system if it put in to practice by these businesses will positively affect their performance, Similarly the finding also shows that accounting system if properly implemented will assists in making good and sound business decision making, in addition, the research finding also shows that majority of the respondents agreed that proper accounting system will improve the internal control mechanism of these businesses while poor accounting system as widely practice by these Enterprises as shown by the majority of the respondents lead to most of the problems in auditing and investigation of their financial records. However, the hypothesis tested whether there is no significance difference between the response collected in the various state or not on each research question, the p-value always is higher than 0.05 level of significance in state, the study indicated that the null hypothesis cannot be rejected but with regards to whether their exist any significance difference between the argument in each research question or not the hypothesis indicated that null hypothesis will be rejected as p-value always is less than 0.05 level of significance.

## VIII. Summary, Conclusion And Recommendation

The Impact of an effective accounting system in promoting good performance in small and medium scale enterprises in Nigeria has been studied in this research work. Opinions were gathered with regards to adopting sound accounting system in SME's in North western states of Nigeria.

Questionnaires were administered in the course of data collection in all the seven(7) North western states of Nigeria and result was presented on whether these enterprises at the starting point knows the relevance of keeping accounting information in the appropriate books of account, whether those managing these enterprises have adequate knowledge of Accounting and financial system, Does adoption of sound accounting system affect their overall performance, whether accounting system aid in business decision making and lack of proper accounting records make the audit and investigation of these business very difficult. Findings show that an effective accounting system in small and medium scale enterprises has profound impact on their corporate performance, aid in business decision making, it was also discover from the study that implementing good accounting system will repose more confidence of business lenders and creditors in providing facilities to these types of businesses and the major problem face in auditing and investigation in these enterprises is due to inadequate keeping of required books of account which usually lead to keeping incomplete records maintained by these business enterprises in this part of the country.

It was recommended that:-

- i. To encourage the adoption of sound accounting system in small and medium scale enterprises there should be adequate sensitization i.e seminars and workshops from the part of relevance Accounting professional bodies i.e ANAN, ICAN, CITN, CIBN and even the relevant tax authorities in the part of government to bring an awareness to these businesses so as to developed and reached the desired objectives.
- ii. Accountants involved in the audit of small and medium scale enterprises should adopt methodologies that adequately capture the accounting and reporting needs of these enterprises and comment on their peculiarities, if necessary, in the audit report.
- iii. The training of accountants by the institutions of higher learning such as universities, polytechnics and technical colleges and the various professional institutes should focus more on practical means of solving accountancy and reporting needs of small and medium scale enterprises.
- iv. The entrepreneurs on their part should understands the roles of the professional accountant as consultants/part-time accountants are of immense value to the entrepreneurs on how best to manage their businesses for greater results, also there should be regular audit of the financial records of these businesses and preparing reports to guide their operations will also be of great help in line with provision of Company and Allied Matters Act (CAMA, 1990).

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Mal shehu Umar “ Impact of Accounting System on the Performance of Small and Medium Scale Enterprises in Nigeria (A Survey of SME's In North western State-Nigeria).” IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 2, 2019, pp. -63-85