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Accounting Information Systems and Small/Medium Scale Enterprises (SMES) Performance in Nigeria

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ABSTRACT
This study examined the role of accounting information system on performance of small and medium scale enterprises in Nigeria. The population of this study consists of small and medium scale Enterprises (SMEs) in Ijebu-Igbo Town, Ogun State. Data were extracted from 385 questionnaires administered with 90% retrieval success. The hypotheses were formulated and tested using regression analysis at 5 per cent level of significance (0.05). The data were analyzed and interpreted using both descriptive and inferential statistics. The study found that accounting practices has significant effect on SMEs performance in Nigeria. The study also revealed that mode of accounting has significant effect on efficiency of SMEs performance in Nigeria. Finally, the study showed that financial records have positive significant effect on efficiency of SMEs performance in Nigeria. In conclusion, accounting information system have significant positive effect on SMEs performance in Nigeria as most of them rely on accounting information for decision making that affect their performance and operations. This study therefore recommends that Small and Medium Scale Enterprises (SMEs) should keep thorough accounting records that will enable them prepare financial statements which will help them in useful decision-making.

Keywords: Accounting Information System; Performance; Small and Medium Scale Enterprises

INTRODUCTION
Small and Medium Scale Enterprises (SMEs) play a vital role in the economic development of Nigeria through provision of employment and production of goods and services (Adase, 2021). 98% of all businesses in Nigeria that are currently operating are SMEs, which also account for 22% of the country's GDP and 58% of all employment (National Bureau of Statistics, 2015). The economy of Ogun State, Nigeria, is therefore thought to be mostly driven by small and medium-scale enterprises (SMEs). A number of factors may play a role in the success or failure of SMEs, despite the fact that many small and medium-scale enterprises

(SMEs) have faced new challenges. Three categories—entrepreneurial, enterprise, and business environment—can be used to classify the crucial success factors for SMEs. As a result, accounting system procedures and information systems are recognized as key success factors for Nigeria's small and medium-scale enterprises. The information system is properly utilized to give those who require it the information they need for decision-making. Organizational performance is primarily supported by information systems. The entity won't function properly without an information system. The capacity of an entity activity to improve its usage of information systems is one of its success criteria (Ruhul, Ulfa, Mayla and Restu, 2021).

For today's SMEs, accounting information systems (AIS) are a crucial resource since they may help with better planning, decision-making, and control of organizational activities. Since one of the goals of operating a business is "profitability," SMEs must manage their accounting and finances effectively in order to maintain and grow their businesses. Consequently, in order to accomplish this goal, suitable and improved accounting information systems are essential. This is due to the possibility that SMEs' failure may be influenced by an inability to acquire information and maintain accurate accounting records. Additionally, earlier studies shown that bad information quality could have a negative impact on performance. It has been emphasized that business owners need to understand the significance of accounting and bookkeeping in order to manage their finances and expand their business. It stands to reason that some new business owners do not keep accurate financial records since they are unsure of whether their operations are profitable or not (Acen, 2019). Small and medium-sized businesses are not required to produce general purpose financial statements or adhere to generally accepted accounting principles, which makes them unaccountable to the public, under IFRS (GAAP).

In contrast to financial statements being prepared using a structured conceptual framework, those prepared by these entities typically contain personal judgment of the owners, making them more prone to noncompliance with a set of criteria. The assumption that they owe no one their financial statements because it is their business and they operate it in whatever manner they choose leads to SMEs in Nigeria paying less attention to good accounting practices in their day-to-day transactions. Insufficient and inefficient good accounting methods were cited by Siyanbolu, Maduemem, Ogbebor, and Sanyaolu (2019) as the reason for the premature demise of a number of SMEs in Nigeria. While some of the surviving entities hired competent accountants to produce their accounts, others drew on the expertise of their owners. Small and medium-sized enterprises (SMEs) in Nigeria typically use external accountants as a source of professional advisory services to prepare their financials, but occasionally the owners or managers don't keep proper records, don't understand the data and figures from the report, and aren't aware of or convinced of the relevance of accounting and financial reporting requirements for control and decision-making purposes. Because of this, SMEs are unable to handle the accounting tasks properly (Siyanbolu et al, 2019). Therefore, this study intends to examine the role of accounting information system in the performance of small and medium scale enterprises.

Statement of the Problem

The ineffective functioning of SMEs has given rise to severe concerns, particularly in Ogun State, Nigeria, where many small businesses fail at an early stage and the ones that survive fail to expand sustainably. This is due to a lack of accounting information, which is a crucial tool for effective corporate management. Despite their critical role in decision-making and effective business management, observation in Nigeria reveals that many SMEs downplay the significance of accounting information and bookkeeping. Because many small businesses do not recognize the significance of accounting information, they frequently fail to maintain accurate and proper books of accounts, according to the researchers. To the best of our knowledge, few studies have managed to investigate the extent to which accounting information systems affect the performance, method of accounting, and decision-making of SMEs in Nigeria. This study aims to close this gap in the literature. Additionally, the data of big businesses and banks were the main focus of the majority of earlier studies on the Accounting Information System and its performance. Therefore, this study aims to bridge the knowledge gap as well as investigate the role of accounting information systems in the performance of small and medium-sized firms.

Research Questions

The following research questions will serve as a guide for this study:

(i) What is the effect of accounting practices on SMEs performance in Nigeria?

(ii) What is the impact of the mode of accounting on efficiency of SMEs performance in Nigeria?

(iii) What is the impact of financial records kept on efficiency of SMEs performance in Nigeria?

Research Objectives

The objectives of the study are to:

(i) Assess the effect of accounting practices on SMEs performance in Nigeria.

(ii) Evaluate the mode of accounting on efficiency of SMEs performance in Nigeria

(iii) Examine the impact of financial records kept on efficiency of SMEs performance in Nigeria.

Research Hypothesis

The research hypothesis for this study includes the following:

HO_1: Accounting practices has no significant effect on SMEs performance in Nigeria

HO_2: Mode of accounting has no significant effect on efficiency of SMEs performance in Nigeria

HO_3: Financial records kept has no significant effect on efficiency of SMEs performance in Nigeria

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LITERATURE REVIEW

Conceptual Review

Accounting Information System

Accounting information systems include manual systems, computerized systems, or a combination of manual and computerized systems that are employed in the recording, reporting, and generation of business transactions as well as the production of reports and financial statements to assist in the planning and control of a business' operations. With the development of technology, the term "accounting information systems" now primarily refers to computerized systems. According to a more recent definition, accounting information systems are the collection of tools—including people, computers, software, and stored data—along with organizational processes that make it possible to gather, classify, record, summarize, and store data and information. These tools include communications and network connections. Accounting information systems are ultimately crucial to the preparation and presentation of accounting-related information to its appropriate users. The aforementioned viewpoint is supported by Bruwer and Smith (2015) who emphasize that accounting information systems are largely in charge of gathering, acquiring, processing, storing, and reporting data and information. Thus, accounting information systems can be seen as instruments that help management of organizations manage and control organizational economic activities that take place within and outside of the relevant organization (Etim, Umoffong, and Goddymkpa, 2020)

Accounting is a type of information system since it takes data and information as input and creates communication that can be utilized by internal and external (stakeholders) to assess financial performance (Warren et al., 2017). In addition, Adase (2021) define AIS as the process of gathering, documenting, storing, and analyzing data to create information for decision-makers. People, processes and instructions, data, software, information technology infrastructure, internal controls, and security measures are all components of these systems. According to Acen (2019), an accounting information system is a collection of system elements that process data and transactions to create information that can be used to plan, control, and run a firm. Accounting information systems need to do the following activities in order to be able to produce the data that decision-makers need: (1) Gather transaction data and other data and input it into the system; (2) process transaction data; (3) store data for later use; and (4) generate the appropriate information by producing reports or enabling users to view the data stored on the computer for themselves. (5) Managing every step of the procedure to ensure the reliability and accuracy of the information produced. According to Adase (2021), AIS is made up of a number of interconnected parts and subsystems that operate as a single overlap relationship with their surroundings. The comprehensive system of accounting aims to provide data and information to decision makers, and each component depends on the other to fulfill these goals.

Small and Medium Scale Enterprises

Most of the time, SMEs in Nigeria have distinctive characteristics. This type of business can be found in a variety of fields, including the arts, agriculture, engineering, and even domestic and international marketplaces. The owners may be wealthy or not, but for it to continue to operate in any economy in the globe, it needs a variety of degrees of skills, competencies, capabilities, and capital. Such characteristics of SMEs have resulted in numerous definitions over time, each with a distinct meaning according to academic researchers. Some of these definitions are taken into account here. Accordingly, SMEs are defined differently in each nation and organization. However, attempts to define the ideas frequently rely on indices like the number of people employed, total sales, and the total assets owned by the operators. However, it is a typical index that is frequently used due to the simplicity with which data on the number of people employed may be used. Even said, there is still no general consensus regarding the maximum or minimum number of employees that certain SMEs should have. For example, the EU and many OECD nations believe that SMEs should employ between 200 and 250 people, while Japan and the USA set their cap at between 300 and 500. Geographical disparities between nations have an impact on this perspective on SMEs as well. According to Lybaert (2016), who backed up this claim, the definition of SMEs is influenced by the geographical replacement as well as the nation's policy on SMEs. The similar issue is encountered in relation to various institutions created to help SMEs in various nations. According to SMIEIS (2006), small enterprises in Nigeria that employ a minimum of 1.5 million naira in capital and 2 million naira without taking into account working capital but omitting the cost of land are considered SMEs. A medium-sized enterprise is one that employs 50-199 employees and has a yearly sale of 50-499 million naira, according to SMEDAN (2005), while a SME employs between 10 and 49 employees. As they differ amongst groups, nations, and institutions, it is clear that the definitions of SMEs are not consistent. According to Olson et al. (2004), SMEs are using accounting information more frequently. It is possible to gather and analyze accounting data in a way that can assist management of small businesses in making decisions about the operation, survival, and expansion of the company.

The accounting information system is a potent instrument that gathers data on various transactions to assist management in keeping track of events that may have an impact on the firm. Both manual and automated accounting information systems are available. According to Acen (2019), maintaining correct books of accounts enables small businesses to have precise and trustworthy information that will aid in making economic decisions. It is said that one of the reasons for the closure of many SMEs is a lack of precise and comprehensive accounting records, making it a crucial component of corporate success. Accounting of SMEs according to Sutapa and Miati (2020) is that the caliber of the records a firm maintains influences the information available to it for decision-making. Kenneth, Thabani, Munyaradzi, and Wellington (2018) state that there are numerous factors, including the company's age, size, type of operations, need to report to shareholders, and requirements from taxing authorities, which motivate the firm to be involved in record keeping. According to Huong (2018), the owner's and managers' level of accounting expertise plays a significant role in whether or not there is good record-keeping in SMEs. According to Adase (2021), the primary obstacle to producing high-quality accounting information is the high cost of hiring accountants with the necessary training, which forces businesses to neglect their financial aspect.

Accounting Information System and SMEs performance

A good AIS system is crucial to a company's success. Without such a system, it would be very challenging for a business to evaluate business performance, identify balance sheet data from clients and suppliers, and forecast an organization's future success. This is in accordance with the opinion made by Huong (2018) that the figures produced by accounting information systems will ultimately determine whether an entity succeeds or fails. They clarified that managers would use these figures to assess organizational performance and that stakeholders would rely on them to make decisions. This holds true for everyone, regardless of their area of expertise in marketing, production, management, or information technology. They continue by saying that accounting and financial reports are instruments for communicating information within a firm. They emphasize that if someone can't understand financial statements, they won't be informed of the operations of the organization. Accounting information has been linked to SME business success, according to Fachruzzaman, Indriani, Mediastuty, Fitranita, and Zaman (2021) and Sutapa and Miati (2020).

Importance of Small and Medium Scale Enterprises to the Economy

Since small and medium-sized enterprises are the main form of business in many nations, their significance to their economy is well acknowledged. Small businesses are significant contributors to the economies of established countries like the United States and the United Kingdom, while in emerging markets, SMEs are well known for their success Sutapa and Miati (2020). Therefore, according to Rogerson (2016), SMEs' operations are extremely important for growth, development, the creation of jobs, and the eradication of poverty. Small and medium-sized enterprises (SMEs) in Nigeria contribute to higher levels of output and employment. By utilizing local technologies, raw materials, and intermediate products to their fullest potential, SMEs help the economy's industrial expansion. SME development has played, and continues to play, a significant part in the growth of the nation. SME stakeholders are getting increasingly worried that the sector is not making the best possible contributions to the economy because of the clear difficulties they encounter.

Problems experienced by Small and Medium Scale Enterprises (SMEs)

The challenges faced by SMEs span across different issues, and in Nigeria they include rising transportation and communication costs, fierce market competition, cyclical changes in consumer demand, frequent technological advancements, and new laws like labor standards that SMEs operators must follow in both domestic and international markets. Capable SMEs have the potential to enter global value chains through subcontracting links offered by multinational corporations looking for new markets and investments, while those unable to do so increasingly risk losing their current markets. The struggle for export markets, foreign investment, and resources among developing nations is likewise becoming more intense.

The difficulties faced by SMEs were divided by Naicker (2016) into two categories: problems with the economy and problems with the business. Economic-based issues have to do with the state of the economy in a specific nation as well as changes to other macro-economic factors, like "a change in those economic conditions, say economic downturn, which would heavily affect SMEs operations in the country." Internal issues that are viewed from the perspective of a human resource make up the majority of enterprise-based issues. The following are characteristics of enterprise-based issues: "poor staff planning, multi-functional management, high employee turnover rate, inadequately trained employees, low productivity, challenges in hiring quality staff, labor markets, skills of the employees, managerial skills and styles, organizational cultures." (Williamson, 2000; Berry et al., 2002; Rogerson, 2004, Watson, 2004, Naicker, 2006, Watt, 2007, Lybaert, 2016). In other places, Adase (2021) and Acen (2019) expanded the list of marketing factors to include: "Hard competition and poor competitive skills among SMEs operators, small market share, low product demand, poor marketing skills, nonstrategic location of the business, and inability to identify the target market."

Theoretical Review

Contingency theory: According to the 1976 theory of contingencies put forth by Lawrence and Danny, an accounting information system should be flexible in its design to take into account the environment and organizational structure. As decisions are being considered, accounting information systems must also evolve. In other words, accounting information systems must be developed using an adaptive approach. There is no one management accounting system that is suitable for all firms in all situations, according to earlier research on contingencies that was summarized by Ottley (Otley, 1980). The methods or system are intrinsically reliant on the unique conditions of each company. The contingency theory has been applied in empirical studies to study SME growth. (Harash, Suhail, & Ahmed, 2014; (Fagbemi & Olaoye, 2016; Emad, 2017), They investigated accounting information systems and firm performance using the contingency theory and found that these systems improve firm performance, especially when they are designed with the firm and its users in mind. Fagbemi & Olaoye (2016) evaluated the accounting information systems and operations of small-scale businesses in Nigeria using the contingency theory. According to the study's findings, accounting information systems have the potential to improve the performance of small and medium-sized firms and open up new opportunities for those companies to grow. The study also shows that the performance of small business organizations can be enhanced through contingency factors, computerized accounting information systems, and efficient inventory control systems, thereby addressing the challenges related to acquiring necessary funding.

Empirical Review

The impact of AIS on the financial performance of micro, small, medium-sized enterprises (MSMEs) was investigated by Fachruzzaman, Indriani, Mediastuty, Fitranita, and Zaman in 2021. Structured questionnaires that were given to MSME owners in the province of Bengkulu yielded a total of 522 datasets. The structural model of the study was predicted and evaluated using partial least squares regression (PLS). Similar to the previous survey, the findings of this one showed that although the majority of respondents did not apply AIS adequately, they still believed that it had a beneficial impact on the performance of micro, small, and medium-sized firms. Furthermore, it has been discovered that the use of fundamental accounting principles and accounting resources both have an impact on how positively accounting information usages are seen.

Adase (2021) analysed how internal control systems affected the relationship between the accounting information system and small business performance. 327 businesses in Sunyani provided the study with the data. Both descriptive and inferential statistics were used to gather the data. To evaluate the study's relevance, multiple regression analysis was used. According to the study, the efficiency of internal controls considerably influences the efficiency of the accounting information system. Since internal control systems are how accounting information systems affect small enterprises' performance, the study recommended that strong and effective system of internal control should be put in place. The performance of Small and Medium Scale Enterprises (SMEs) in Nigeria was evaluated by Etim, Umoffong, and Goddymkpa (2020) in relation to the impact of Management Accounting Practices (MAPs). Using a structured questionnaire and 40 purposefully chosen SMEs operators as the population pool, the survey research design approach was used to collect data. SPSS version 20 was used to analyze the data using descriptive and inferential statistical methods. The results revealed a significant positive correlation between the independent variables and the dependent variable (firm performance) (Costing System, Budgeting System, Performance Evaluation System, Decision Support System, and Strategy Management Accounting System). According to the study, in order to ensure the profitability and long-term viability of their enterprises, SMEs should make greater use of modern MAPs.

Sutapa and Miati (2020) investigated how company categories and the use of accounting information systems affected the ability to create financial reports for small and medium-sized businesses in Denpasar, BALI. One hundred MSMEs made up the study's sample. Partial Least Squares (PLS) analysis was employed in the data analysis process. The ability to measure the performance of small and medium firms in Denpasar, Bali, is therefore positively impacted by the use of the accounting information system, but the category of small and medium enterprises has no effect on this ability. BALI, the city. The impact of the accounting system on the operations of SMEs in Nigeria was examined by Siyanbola, Maduemem, Ogbebor, and Sanyaolu (2019). Small and medium-sized firms (SMEs) in Festac-Town, Lagos, make up the study's population. With 80% retrieval success, data were collected from 154 questionnaires. Regression analysis was used to establish and test the hypotheses, with a 5% threshold of significance (0.05). Both descriptive and inferential statistics were used to examine and evaluate the data. A strong favorable impact on SMEs' performance was discovered by the study's findings regarding accounting information systems. In conclusion, it was determined that the accounting information systems used by the managers and owners of SMEs had favorably influenced their judgments and actions. As a result, the study recommended that, in order to improve their performance, users of accounting information should be aware of the quality of the systems that provide those systems.

In their study of SMEs in Uganda, Acen (2019) evaluated the relationship between system threats and business performance as well as the quality of the information provided to the firm. A survey design was used, and out of the 240 SMEs operating in the Nakawa division, a sample of 144 was chosen. The study's conclusions were based on a correlation analysis. These significant insights were revealed by the study's findings. The first association between accounting information systems and firm performance was statistically significant. The study also showed that there was a statistically significant correlation between system quality and firm performance. A statistically significant relationship between information quality and company performance was also found in the study. Lastly, the study found that system threats had a statistically poor correlation with company performance. According to the study's findings, accounting information systems are essential for the timely production of high-quality accounting information. They also guarantee that all levels of management have access to enough accurate, timely, and relevant information for planning, which strengthens corporate governance and improves a company's performance. The study suggests that SMEs need a well-designed and functional accounting information system to enable them to manage their most valuable resource, which is information. The effect should be studied, intervening and moderating variables should be considered, and longitudinal studies could be used to examine the relationship over a long period of time.

Huong (2018) concentrated on developing an appropriate accounting information system for the country's small and medium-sized businesses to adopt in accordance with the international ordinance. An effective accounting system for small and medium-sized businesses should support management, increase productivity and efficiency, and establish accountability and obligation among the accounting and other system participants. Kenneth, Thabani, Munyaradzi, and Wellington (2018) examined how accounting information affected the success of SMEs. Many SMEs in Harare were performing poorly, which inspired the investigation. A survey served as the study's foundation. Both random sampling and the researchers' expertise were used in the sample selection process. The study found, among other things, that the majority of SMEs don't use accounting information when making decisions. The study so recommended that SMEs in Zimbabwe be encouraged to maintain complete accounting records in order to support meaningful decision-making for their own success.

The impact of Accounting Information Systems on the performance of small and medium-sized financial service firms in the cape metropolis was examined by Bruwer and Smith (2015). The objective of the research study was to ascertain the actual value that accounting information systems used by South African SMMEs provide to their operations. This research study fit into the positivistic research paradigm and was descriptive in nature. 32 SMME owners and/or managers in the Cape

Metropolis, who had to adhere to strict segmentation criteria, were purposefully interviewed for data. It was discovered that, despite the informal implementation of accounting information systems by SMMEs, these systems are extremely valuable to SMME leaders when it comes to making good business decisions.

METHODOLOGY

Surveys, observations, and questionnaires were used to collect data for the study. Random sampling was used to administer the questionnaire. Every owner of a small or medium-sized firm in Ijebu-Igbo, Ogun State, would receive the questionnaire by hand. This made it possible in having direct interaction with the respondents.

Model Specification

Econometric method was formulated through the use of Ordinary Least Squares regression (OLS) to estimate the relationship between accounting practices and SMEs performance in Nigeria.
The model was therefore formulated as:

Model 1

The functional relationship and the resultant model using the Ordinary Least Squares (OLS) regression method is as follows:
Functional relationship
SMEs = f(AP) .... (1)
Converting this to a linear or stochastic model, we have
$SMEs = b_0 + b_1 AP + e$
where $b_0 + b_1$ are constants
SMEs = Small and Medium Scale Enterprises
AP = Accounting Practices
e = Error term or Stochastic term

Model 2

Similarly, we can also establish the relationship between MOA and SMEs. The functional relationship and the resultant model using the Ordinary Least Squares (OLS) is as follows:

Functional relationship
SMEs = f(MOA) ……………………………… (1)
Converting this to a linear or stochastic model, we have
SMEs=b_0 + b_1 MOA + e
where b_0 + b_1 are constants
SMEs = Small and Medium Scale Enterprises
MOA = Mode of Accounting
e = Error term or Stochastic term

Model 3

Similarly, we can also establish the relationship between FR and SME. The functional relationship and the resultant model using the Ordinary Least Squares (OLS) is as follows:
Functional relationship
SMEs = f(FR) ……………………………… (1)
Converting this to a linear or stochastic model, we have
SMEs=b_0 + b_1 FR+ e
where b_0 + b_1 are constants
SMEs = Small and Medium Scale Enterprises
FR = Financial Records
e = Error term or Stochastic term

A priori Expectation

This section explains the expected signs of the variables in the model. It also reveals the relationship between the independent variable and the dependent variables in the model.

Variable	Expected sign
SMEs	+

The a priori expectation is expressed as:

Model 1: $\frac{SMEs}{AP} = b1 > 0$

Model 2: $\frac{SMEs}{MOA} = b1 > 0$

Model 3: $\frac{SMEs}{FR} = b1 > 0$

RESULTS AND DISCUSSION OF FINDINGS

Inferential Statistics – Test of Hypotheses

The hypotheses were tested using regression analysis

Hypothesis One: Accounting practices has no significant effect on SMEs performance in Nigeria.

Table 1 Regression Analysis for Hypothesis One

	Co-efficient	Standard Error	t-Stat	Probability
(Constant)	1.662	0.167	4.043	0.000
AP	0.679	0.110	6.688	0.000
R^2	0.713			
Adjusted R^2	0.707			
S.E of Regression	1.154			
F-Statistics	44.740			
Prob (F-statistics)	0.000			
Observation	350			

Dependent Variable: SMEs Performance

Level of Significance: 5%

SMEs Performance = $\beta_0+\beta_1 AP_i+\mu_i$

SMEs Performance = $1.662 + 0.679AP_i$

Where;

SMEs Performance = Small and Medium Enterprise Performance

AP = Accounting Practice

Interpretation

Table 1 above depicts the regression results for hypothesis one. The results revealed that accounting practices had a positive significant effect on SMEs performance in Nigeria. This is indicated by the positive signs of the explanatory variable of 0.679. This means that accounting practices has suggested by the apriori expectations, conforms to this study of having positive relationship between the dependent variable and independent variable. Therefore, the result implied that a unit change in accounting practices would results into a positive outcome of 0.679 in SMEs performance. At level of significance of 0.05, the t-statistics for

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accounting practices is 6.688 while the p-value is 0.000. This shows that the explanatory variable has significant effect on the dependent variable. On the general level, the results show that accounting practices has significant effect on SMEs performance in Nigeria. Also, considering the individual probability of t-statistic, it shows that the variable is significant at 5% level. This is because the probability value of the t-statistics of accounting practices is 0.000. Furthermore, the explanatory powers of the independent variable reflect that the variation in the independent variable yield about 71.3% variations in SMEs performance is attributable to by accounting practices while the remaining 28.7% variations is caused by other factors not captured in this model. Hence, the coefficient of determination shows that the model has a good explanatory power in the model. The Adjusted R^2 is 0.707 and it implies that the model is a measure of good fit.

Decision

At a level of significance 0.05, the F-statistics is 44.740 while the p-value is 0.000 which is less than the adopted level of significance. Therefore, the study rejected the null hypothesis which means that accounting practices has significant effect on SMEs performance in Nigeria. The result supports the findings of Osim, Umoffong and Goddymkpa (2020), Ibrahim, Ali and Besar (2020) who found that accounting practices has positive significant effect on SMEs performance in Nigeria.

Hypothesis Two: Mode of accounting has no significant effect on efficiency of SMEs performance in Nigeria.

Table 2 Regression Analysis for Hypothesis Two

Variable	Co-efficient	Standard Error	t-Stat	Probability
(Constant)	0.581	0.926	3.495	0.000
MA	4.883	0.695	7.023	0.000
R^2	0.732			
Adjusted R^2	0.727			
S.E of Regression	530.130			
F-Statistics	49.324			
Prob (F-statistics)	0.000			
Observation	350			

Dependent Variable: SMEs performance
Level of Significance: 5%
SMEs Performance = $\beta_0+\beta_1 MA_i + \mu_i$
SMEs Performance = 5766.836 + 38.24899MA_i
Where;
SMEs Performance = Small and Medium Enterprise Performance
MA = Mode of Accounting

Interpretation

Table 2 above depicts the regression results for hypothesis two of the study. The results revealed that mode of accounting has positive and significant effect on SMEs performance. This is indicated of the positive signs of the explanatory variable which is; β1 = 4.883. This equally means that the coefficients conformed to the apriori expectations of positive relationship between the mode of accounting and SMEs performance.
Therefore, the result implied that a unit change in mode of accounting would lead to a positive increase of 4.883 in SMEs performance. At level of significance of 0.05, the t-statistics for mode of accounting is 7.023 while the p-value is 0.000. This shows that mode of accounting has significant effect on efficiency of SMEs performance in Nigeria. Also, considering the probability of t-statistic, it shows that the variable is significant at 5% level. This is because the probability value of the t-statistics of mode of accounting is 0.000. Furthermore, the R-squared shows that about 73.2% variations in SMEs performance are determined by mode accounting while the remaining 26.8% variations is caused by other factors not included in the model. Hence, the coefficient of determination shows that the model has a good explanatory power in the model. The Adjusted R^2 is 0.727 and it implies that the model is a measure of good fit.

Decision

At a level of significance 0.05, the F-statistics is 49.324while the p-value of the F-statistics is 0.000 which is less than the adopted level of significance. Therefore, the study rejected the null hypothesis which means that mode of accounting has significant effect on SMEs

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performance in Nigeria. The result agreed with the findings of Dharmawati, Hasbudin and Safitri (2021), Adase (2021) who found mode of accounting on efficiency of SMEs performance in Nigeria to be positively significant.

Hypothesis Three: Financial records kept has no significant effect on efficiency of SMEs performance in Nigeria

Table 3 Regression Analysis for Hypothesis Three

	Co-efficient	Standard Error	t-Stat	Probability
(Constant)	2.586	0.232	9.655	0.000
Financial Records	0.365	0.062	6.580	0.000
R^2	0.932			
Adjusted R^2	0.931			
S.E of Regression	1.741			
F-Statistics	784.166			
Prob (F-statistics)	0.000			
Observation	350			

Dependent Variable: SMEs Performance
Level of Significance: 5%
Source: Researcher's Computation, 2022
SMEs Performance = $\beta_0+\beta_1 FR_i + \mu$
SMEs Performance = $2.586+ 0.365FR_i$
Where;
SMEs Performance = Small and Medium Enterprise Performance
FR = Financial Records

Interpretation

Table 3 above depicts the regression results for hypothesis three of the study. The results revealed that financial records have positive effect on efficiency of SMEs performance in Nigeria. This is indicated by the positive signs of the variable where $\beta_1 = 0.365$. Therefore, the result implied that a unit change in financial records led to a positive increase of 0.365 in efficiency of SMEs performance in Nigeria. At level of significance of 0.05, the t-statistics for financial records is 6.580 while the p-value is 0.000. This showed that the explanatory variable has significant effect on efficiency of SMEs performance. On the general level, the results show that financial records have a strong hold on efficiency of SMEs performance in Nigeria. Also, considering at the probability of t-statistic, it shows that the variable is significant at 5% level. This is because the probability value of the t-statistics of financial records is 0.000. Furthermore, the R-squared shows that about 93.2% variations in efficiency of SMEs performance are explained by financial records while the remaining 6.8% variations is caused by other factors not included in the model. Hence, the coefficient of determination shows that the model has a good explanatory power of the model. The Adjusted R^2 is 0.931 and it implies that the model is a measure of good fit.

Decision

At a level of significance 0.05, the F-statistics is 784.166 while the p-value of the F-statistics is 0.000 which is less than the adopted level of significance. Therefore, the study rejected the null hypothesis which means that financial records kept has significant effect on efficiency of SMEs performance in Nigeria. The result supports the findings of Acen (2019), Adase (2021) who found that financial records have positive significant effect on efficiency of SMEs performance in Nigeria.

CONCLUSION AND RECOMMENDATIONS

This study examines accounting information system and its effect on the performance of small and medium scale enterprises in Nigeria. The study employed Ordinary least square to analyze data and the result shows that accounting practices has significant effect on SMEs performance in Nigeria. Also, it was revealed that mode of accounting has significant effect on efficiency of SMEs performance in Nigeria. Finally, the study showed that financial records have positive significant effect on efficiency of SMEs performance in Nigeria. From the general findings of this study, it is concluded that accounting information system coordinates the performance of SMEs, as most of them rely on accounting information for decisions making that affect their performance and operations. The outcomes of this study contributed immensely to the existing literature that had similar findings. Following the empirical findings of this study and for the purpose of effective policy formulations in the area of accounting information system and management of small and medium scale enterprises, the study recommends that Small and Medium Scale Enterprises (SMEs) should keep thorough accounting records that will enable them prepare financial statements which will help them in useful decision-making.

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