PERCEIVED BENEFITS OF ACCOUNTING RECORD KEEPING ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN ABA

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ABSTRACT
This study adds to the existing research on SME financial management by analysing the relationship between accounting practises, their perceived benefits and how widely they are used and their impact on performance. While studies have consistently stressed how important it is for SMEs to keep records, little research has looked at how subjective views of accounting practises are linked to performance. To do this, the research analyses 370 SMEs using Spearman's correlation, Independent Samples t-test and Multiple Linear Regression. The data shows that there is a noticeable but not major connexion between how useful SMEs find accounting practises and their performance. SMEs that believed in the advantages of social media did better. The amount of record-keeping, as seen by regular entries, software use, financial review and accountant involvement, explained 37.5% of the differences in performance. Most other studies centre on technical or compliance issues, but this study emphasises how SMEs' financial actions and views affect their success. These results suggest that policymakers, SME support agencies and entrepreneurs should promote financial literacy, make accounting easier and create environments that support the growth of SMEs.

Introduction

Small and Medium Enterprises (SMEs) remain pivotal to economic growth and development, especially in emerging economies like Nigeria.(Olowookere et al., 2021) In cities like Aba, Abia State popularly referred to as the "Japan of Africa" due to its vibrant entrepreneurial ecosystem SMEs form the backbone of local commerce and manufacturing. Despite their relevance, the survival and performance of these enterprises continue to face significant challenges, including poor financial management practices, limited access to credit, and inadequate accounting record-keeping.(Ikem et al., 2021). Accounting records keeping, which involves the systematic

documentation, classification, and summarization of financial transactions, is fundamental to informed decision-making and performance monitoring(Mohammed, 2024). The perceived benefits of maintaining such records such as improved financial control, ease of tax compliance, access to funding, and better strategic planning are often cited as critical drivers of operational success(Halabi et al., 2010). However, in practice, many SMEs in Aba operate with informal or inadequate bookkeeping systems, often due to a lack of awareness or resources. This study focuses on the *perceived benefits of accounting records keeping* and *performance of SMEs*. Performance, in this context, is assessed through indicators such as profitability, growth, efficiency, and sustainability(Ameer & Othman, 2012) The rationale is that SMEs that perceive greater benefits from accounting practices are more likely to adopt and consistently apply them, which in turn may enhance their overall performance. (Alsyouf et al., 2023).

The relationship between the perceived benefits and performance is both behavioral and functional(Dimitriadis, 2010). Behavioral, in the sense that perception drives action SMEs that understand the utility of financial documentation are more likely to embrace it; and functional, because quality accounting enables timely decisions, better resource allocation, and strategic competitiveness(Auliyah & Agit, 2024). Thus, performance outcomes are expected to vary significantly with the level of perceived value attached to accounting practices by SME operators. The study is situated in Aba, Abia State, a major industrial hub in Southeastern Nigeria known for its thriving informal sector and entrepreneurial innovation(Nwankpa, 2019). This location is strategically selected to provide grounded insights into how indigenous SMEs perceive and utilize accounting information in a high-activity business environment. By narrowing the scope to a specific geographic and economic context, this study enhances the validity and relevance of its findings for policy and practice.

The topic is validated by the observed disconnect between the availability of financial literacy tools and their practical application among SMEs in Nigeria, particularly in manufacturing and trade centers like Aba(Ahmed, 2023). Existing literature on SMEs in Nigeria often generalizes challenges without giving sufficient attention to perception-driven practices in record keeping(Hughes, 2021). This study fills this gap by providing empirical insights into how perceptions shape behavior and outcomes, contributing to a nuanced understanding of SME sustainability. The scope is limited to registered and active SMEs within Aba, covering sectors such as fashion, fabrication, leatherworks, and retail. The study will analyze variations in performance based on different levels of perceived benefit from accounting practices. By doing so, it not only establishes the importance of perception in accounting behavior but also provides policy-relevant recommendations for SME development and financial education programs.

Statement of Research Problems

Small and Medium Enterprises, (SMEs) serve as critical engines for economic development, job creation, and poverty alleviation, particularly in developing economies like Nigeria (Etuk et al., 2014). In cities such as Aba, Abia State renowned for its dense cluster of artisans, traders, and small-scale manufacturers SMEs contribute significantly to local industrialization and commercial vibrancy. However, despite their potential, a large number of these enterprises continue to experience stagnation, poor financial performance, and high failure rates (Fatoki, 2014). A recurring theme in extant literature points to weak financial management practices, particularly poor accounting records keeping, as a core challenge undermining SME sustainability. According to (Adela et al., 2024),the absence of proper bookkeeping practices hampers SMEs' ability to make sound financial decisions and access to external financing(Adeyemi & Akanji, 2020). Similarly,(Hyder & Lussier, 2016) emphasized that many small businesses fail not due to poor business models, but due to the inability to track income and expenditures effectively. While several studies (e.g.(Munjal & Sharma, 2023),(Kim, 2008)) have established a link between financial record keeping and performance, few have explored this connection from a perception-based perspective. That is, whether SME owners and managers truly perceive accounting records keeping as beneficial and how this perception influences their adoption of accounting practices and, consequently, their performance.

In the Nigerian context, where financial literacy levels among micro and small business

operators are often low, perception plays a crucial role (Esiebugie et al., 2018). Research (Maelah et al., 2021) by suggests that SMEs with a high appreciation for the value of accounting information are more likely to apply it in decision-making, leading to better business outcomes. This implies that beyond technical capacity, the belief in the utility of accounting practices may shape behavior and performance outcomes. However, few studies have empirically examined this dynamic within the unique socio-economic and entrepreneurial landscape of Aba, Abia State. Aba's SMEs, particularly in sectors like leatherworks, fashion, and fabrication, operate in a high-competition, low-margin environment where strategic financial management could determine survival. Yet, anecdotal evidence suggests that many operators still rely on informal or inconsistent financial tracking mechanisms(Oviedo et al., 2009, Darbi et al., 2018).

This gap between available accounting tools and the perceived relevance of such tools among SME owners raises critical questions:

i. Do SME operators in Aba truly perceive accounting record keeping as beneficial?

ii. Does this perception translate into consistent financial practices?

iii. More importantly, does this behavior influence measurable performance outcomes?

Therefore, this study seeks to bridge the knowledge gap by analyzing how the perceived benefits of accounting records keeping influence the performance of SMEs in Aba. It aims to provide empirical evidence that can guide financial literacy interventions, accounting education, and SME policy in Abia State and beyond.

Research Objectives

The main objective of this study is to assess the impact of perceived benefits of accounting records keeping on the performance of SMEs in Aba, Abia State.

Specific Objectives:

i. To identify the perceived benefits of accounting records keeping among SME owners and managers.

ii. To evaluate the relationship between perceived benefits of accounting records keeping and SME performance.

iii. To determine whether SMEs that perceive greater benefits from accounting records keeping show higher performance outcomes than those who do not.

Research Hypotheses

The following null hypotheses guide the empirical investigation:

$H0_1$: There is no significant relationship between perceived benefits of accounting records keeping and the performance of SMEs in Aba.

$H0_2$: SMEs in Aba that perceive greater benefits from accounting records keeping do not perform significantly better than those with low perceived benefits.

$H0_3$: The extent of accounting records keeping among SMEs in Aba does not significantly influence their performance.

Conceptual Clarification

The conceptual framework for this study establishes the theoretical and empirical link between **Perceived Benefits of Accounting Records Keeping** (independent variable) and **Performance of SMEs** (dependent variable). It offers a lens through which we examine how SME owners/managers' attitudes toward the utility of accounting records influence their business outcomes in terms of growth, profitability, efficiency, and sustainability.

Perceived Benefits of Accounting Records Keeping

Perceived benefits refer to the extent to which SME operators believe that maintaining accounting records has a positive impact on their businesses (Estébanez, 2021). These perceptions

play a crucial role in determining whether business owners are willing to adopt and consistently maintain proper accounting practices (Jackson & Allen, 2024). Karimian et al. (2022) note that many SMEs operate informally and depend largely on intuition for decision-making. However, when owners perceive accounting records as advantageous, they are more inclined to adopt sound documentation and financial reporting methods (Amoako, 2013).

These perceived benefits commonly include improved decision-making (Bahari et al., 2021), better cost control and financial planning (Valentinetti & Rea, 2025), enhanced access to credit facilities (2015), compliance with tax and regulatory requirements (2011), and increased transparency and accountability (2013). Such perceptions serve as both psychological and strategic motivators that shape accounting behaviors. Consequently, even in settings where resources are limited, SMEs that recognize the value of accounting are more likely to maintain proper financial records.

SME Performance

Firm performance, which serves as the dependent variable in this study, is a multi-dimensional construct that encompasses financial, operational, and market-based outcomes. For small and medium-sized enterprises (SMEs), performance is typically reflected in areas such as growth in sales and profits, expansion of business operations, cost efficiency, customer retention, and long-term business sustainability. Valentinetti and Rea (2025) emphasize that performance assessment should not be limited to financial results alone but should also include indicators related to internal processes, strategic learning, and adaptive capacity.

In the context of this study, firm performance is operationalized using five key indicators: trends in profitability, growth in sales figures, expansion of business activities, efficiency in the use of financial and material resources, and overall operational sustainability. These indicators provide a holistic view of how well SMEs are functioning and evolving in a competitive environment.

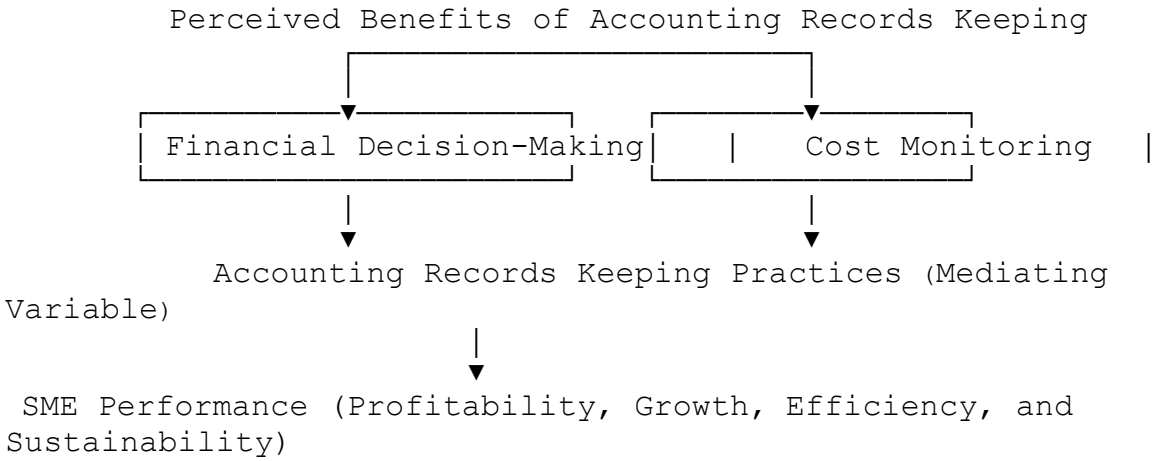
Previous research supports this multidimensional approach. For instance, Bechtsis et al. (2022), Oko-Odion et al. (2025), and Allioui and Mourdi (2023) found that businesses that engage in systematic recording and evaluation of financial transactions are better positioned to make informed, data-driven decisions. Such practices help prevent financial mismanagement, support strategic planning, and enhance the overall resilience and performance of SMEs.

The Link between the Variables

The framework assumes a causal relationship, where the perceived benefits of accounting records keeping positively influence actual record-keeping behavior, which in turn enhances business performance (Ibrahim and Musah, 2014). This aligns with the Theory of Planned Behavior), which posits that behavior is driven by attitudes (perceptions), subjective norms, and perceived behavioral control (Rhodes, and Courneya, 2003). Hence, if SME owners perceive accounting as beneficial and manageable, they are more likely to maintain records that yield performance benefits.

Moreover, the Resource-Based View (RBV) of the firm supports this framework by arguing that internal capabilities, such as proper financial management, can serve as competitive advantages (Barney, 1991). Accounting records, when perceived as a valuable resource, contribute to organizational learning, financial discipline, and growth.

Literature-Driven Conceptual Model



This model illustrates a mediated relationship where perceived benefits influence actual practice, which in turn drives performance.

Theoretical Foundation

This study is grounded in two complementary theoretical frameworks: the Theory of Reasoned Action (TRA) proposed by Ajzen and Fishbein (1980), and the Resource-Based View (RBV) advanced by Barney (1991). The Theory of Reasoned Action emphasizes that an individual's behavior is primarily driven by behavioral intentions, which are, in turn, shaped by their attitudes toward the behavior and subjective norms. Applied to the context of small and medium-sized enterprises (SMEs), the theory suggests that if SME owners and managers hold positive attitudes towards maintaining proper accounting records—viewing them as useful for informed decision-making, legal compliance, and accessing financial support—they are more likely to adopt and maintain such practices consistently. On the other hand, the Resource-Based View posits that a firm's performance is determined by its ability to develop and leverage valuable, rare, inimitable, and non-substitutable internal resources. Within this framework, accounting records are seen as intangible strategic assets that contribute to a firm's competitive advantage by enabling better cost control, strategic planning, and efficient allocation of resources. Integrating TRA and RBV, this study proposes that SMEs' record-keeping behaviors are influenced by perceived benefits, and those behaviors, in turn, impact organizational outcomes such as profitability, sustainability, and overall performance.

Empirical Framework

The empirical framework of this study is supported by a growing body of literature that highlights the relationship between perception, accounting practices, and business performance among small and medium-sized enterprises (SMEs). Several studies demonstrate that the way SME owners perceive the value of accounting information significantly influences their willingness to adopt and utilize sound financial practices.

For instance, Onaolapo and Adegbite (2014) found that in informal economic settings, such as those prevalent in many developing countries, the perception of accounting relevance strongly predicts the adoption of bookkeeping tools. SMEs that do not see accounting as useful are less likely to maintain proper records, thereby hindering their operational and strategic capacities.

Similarly, Sunday (2011) examined the Nigerian SME landscape and reported that enterprises that understood and implemented basic financial practices—such as cash flow monitoring, budgeting, and expense tracking—enjoyed better access to credit facilities and experienced higher profitability levels.

Furthermore, Ibrahim et al. (2019) highlighted the impact of training and awareness, showing that when SME owners were educated on the benefits of accounting, there was a noticeable improvement in their record-keeping behavior and overall business performance. These empirical findings collectively suggest that one of the key factors contributing to the performance gap among SMEs is the degree to which their owners value and apply accounting information. Perception, therefore, plays a central role not only in shaping financial behavior but also in influencing broader outcomes such as growth, competitiveness, and sustainability.

Research Methodology

This study adopts a descriptive survey research design, which is deemed appropriate as it facilitates the collection of primary data from a sample of Small and Medium Enterprise (SME) operators concerning their perceptions, accounting practices, and performance outcomes. The design also supports the use of statistical tools to describe variable relationships and test relevant hypotheses. The population of the study comprises registered SMEs operating in Aba, Abia State, across diverse sectors including manufacturing, fashion, leatherworks, retail, and fabrication. Based on data from the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2023), there are approximately 5,000 formally registered SMEs in Aba.

To ensure representativeness and minimize bias, a multistage sampling technique was employed. Initially, Aba North and Aba South Local Government Areas were purposively selected due to their high density of SMEs. Subsequently, a stratified sampling technique was used to categorize the population into business sectors such as fashion, leatherworks, and retail. Within each stratum, simple random sampling was conducted to select individual respondents. The sample size was determined using Yamane's formula for finite population correction, yielding a sample of 370 SMEs from the total population of 5,000, with a 5% margin of error.

$$\frac{N}{1 + N(e)2}$$

Where:

- *n* = sample size
- *N* = population (5000)
- *e* = margin of error (0.05)

=

$$\frac{5000}{1 + 5000(0.05)2}$$

$$\frac{5000}{13.5}$$

= 370 Student

The primary instrument used for data collection was a structured questionnaire specifically designed to extract detailed and relevant information from SME operators. The questionnaire was organized into three key sections for clarity and focus. The first section gathered demographic data, including variables such as the respondent's gender, age, business type and years of operation which served to contextualize responses.

The second section explored respondents' perceptions of the benefits of accounting record-keeping using Likert-scale items. These items were adapted from validated instruments employed in prior studies by Amoako (2013) and Ibrahim et al. (2019), ensuring both relevance and reliability. The third section assessed SME performance across various dimensions such as profitability, business growth, operational efficiency, and sustainability, using a blend of subjective self-assessments and available objective data to provide a comprehensive evaluation.

To ensure content validity, the questionnaire was reviewed by a panel of experts, including academics in accounting and business research and professionals working directly with SMEs. Their feedback contributed to refining the questionnaire for clarity, relevance, and comprehensiveness. Construct validity was addressed by aligning the questionnaire items with measurement scales previously validated in empirical literature, ensuring the instrument accurately captured key theoretical concepts such as perceived accounting benefits and SME performance. For reliability testing, a pilot study was conducted with 30 SME owners who were not part of the main sample.

Data from the pilot were analyzed using Cronbach's Alpha to test internal consistency, with values of 0.70 and above considered acceptable, indicating that the instrument reliably measured the intended constructs. For data analysis, both descriptive and inferential

statistical methods were applied. Descriptive statistics such as frequencies, percentages, and mean scores were used to summarize demographic characteristics and perceptions of accounting practices. To uncover the underlying structure of the constructs—Perceived Benefits, Record Practices, and SME Performance—Exploratory Factor Analysis (EFA) was conducted using Principal Component Analysis with Varimax rotation. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.82 and Bartlett's Test of Sphericity was significant at $p < .001$, confirming the suitability of the data for factor analysis. Furthermore, Pearson Product-Moment Correlation was employed to test hypotheses regarding the relationship between accounting benefits and SME performance. All statistical analyses were conducted using SPSS software.

Data Analysis and Findings

A total of 370 responses were analyzed to determine the demographic distribution and characteristics of the SME owners/operators in Aba.

Table 1: Gender Distribution of Respondents

Gender	Frequency	Percentage (%)
Female	223	60.3
Male	147	39.7
Total	**370**	**100**

Source: Field Survey; 2025

Table 1 shows the gender distribution of respondents, with females accounting for 223 (60.3%) and males for 147 (39.7%) out of a total of 370 participants. This female majority indicates that women play a significant and possibly leading role in SME operations in Aba. The predominance of female respondents suggests that women are actively engaged in entrepreneurship within this region, which may have implications for targeted support and policies to further empower female-led SMEs.

Table 2: Age Distribution

Age Group	Frequency	Percentage (%)
18–25	41	11.1
26–35	65	17.6
36–45	142	38.4
46–55	71	19.2
56 and above	51	13.8
Total	**370**	**100**

Source: Field Survey; 2025

Table 2 presents the age distribution of respondents, revealing that the largest group is aged 36–45 years, with 142 individuals (38.4%). This indicates that a mature working population primarily manages SMEs in the area. Other age groups include 26–35 years (17.6%), 46–55 years (19.2%), 56 and above (13.8%), and 18–25 years (11.1%). The data suggests that middle-aged adults dominate SME operations, highlighting their critical role in the local entrepreneurial landscape.

Table 3: Type of Business

Business Type	Frequency	Percentage (%)
Fashion/Design	148	40.0
Fabrication	95	25.7
Retail/Wholesale	49	13.2
Manufacturing	47	12.7
Others	31	8.4
Total	**370**	**100**

Source: Field Survey; 2025

Table 3 displays the distribution of business types among respondents, with Fashion/Design leading at 148 firms (40.0%). This dominance indicates a strong preference for creativity-driven enterprises within the SME sector. Fabrication follows with 95 businesses (25.7%), while Retail/Wholesale and Manufacturing account for 13.2% and 12.7% respectively. The remaining 8.4% fall into other categories. The data highlights the prominence of fashion and design as key drivers of entrepreneurial activity in the area.

Table 4: Years in Business

Years of Operation	Frequency	Percentage (%)
Less than 1 year	18	4.9
1–5 years	113	30.5
6–10 years	169	45.7
11+ years	70	18.9
Total	**370**	**100**

Source: Field Survey; 2025

Table 4 shows the distribution of SMEs based on their years of operation. The majority of businesses, 169 (45.7%), have been operating for 6 to 10 years, indicating a relatively established SME sector. Additionally, 113 businesses (30.5%) have been in operation for 1 to 5 years, while a smaller portion, 70 (18.9%) have operated for over 11 years. Only 18 SMEs (4.9%) are less than one year old, suggesting that most SMEs in the sample have surpassed the initial startup phase and possess some level of business experience.

Descriptive Analysis

Table 5: Perceived Benefits of Accounting Record Keeping (Mean Scores)

Statement	Mean
Accounting records help me understand my financial position	4.43
Accounting records aid financial decisions	4.36
Improve access to loans or credit	4.12
Useful for tax/regulatory compliance	4.25
Help track costs/reduce waste	4.30
Guide long-term planning	4.20
Time-consuming and unnecessary (Reversed)	2.10
Easier to attract investors/partners	4.18
Overall Mean Score	**4.00**

Source: Field Survey; 2025

Table 5 presents the mean scores for perceived benefits of accounting record keeping among SMEs. Respondents strongly agree that accounting records help them understand their financial position (mean = 4.43) and aid financial decision-making (4.36). Other highly rated benefits include tracking costs and reducing waste (4.30), tax and regulatory compliance (4.25), and guiding long-term planning (4.20). Access to loans (4.12) and attracting investors or partners (4.18) are also recognized advantages. The reversed statement regarding accounting being time-consuming and unnecessary scored low (2.10), indicating disagreement. The overall mean score of 4.00 suggests a generally positive perception of accounting record keeping's value among SMEs.

Exploratory Factor Analysis (EFA)

To identify the underlying structure among observed variables and reduce items into coherent factors under *Perceived Benefits*, *Accounting Record Practices*, and *SME Performance* constructs. The following assumption checks were used and these includes **Sample size:** N = 370 (adequate, as N ≥ 300 is considered excellent; Field, 2018). KMO Measure of Sampling Adequacy = **0.82** (good) and Bartlett's Test of Sphericity: $\chi^2 = 1940.77$, df = 153, **p < .001**

Extraction Method: Principal Component Analysis
Rotation: Varimax with Kaiser Normalization
Factor Loadings (Above 0.50):

Item No.	Item Description	Factor 1: Perceived Benefits	Factor 2: Record Practices	Factor 3: SME Performance
Q1	Understanding financial position	0.74		
Q2	Financial decision making	0.79		
Q3	Loan and credit access	0.68		
Q4	Tax and regulatory compliance	0.66		
Q5	Cost tracking and waste reduction	0.71		

Q6	Long-term business planning	0.75			
Q8	Attracting investors	0.70			
Q7(R)	Time-consuming/unnecessary	-0.59 (reverse loading)			
Q9	Recording of income and expenses		0.81		
Q10	Use of software or record book		0.74		
Q11	Review of financial statements		0.69		
Q12	Engagement of accountant/bookkeeper		0.72		
Q13	Profitability improved			0.75	
Q14	Business expansion			0.72	
Q15	Increase in customer base			0.78	
Q16	Stability during downturns			0.71	
Q17	Better resource management			0.73	
Q18	Satisfaction with performance			0.76	

Source: Field Survey; 2025

The results from the Exploratory Factor Analysis (EFA) reveal a clear and coherent three-factor structure representing perceived benefits of accounting record keeping, record-keeping practices, and SME performance. The first factor, *Perceived Benefits*, includes items such as understanding the financial position (Q1; loading = 0.74), financial decision-making (Q2; 0.79), and long-term business planning (Q6; 0.75). These high loadings indicate that SME owners in Aba strongly recognize the strategic value of accounting information in managing and planning their business operations. Other notable items under this factor include improved access to credit (Q3; 0.68), tax and regulatory compliance (Q4; 0.66), cost tracking and waste reduction (Q5; 0.71), and attracting investors (Q8; 0.70). The reverse-coded item (Q7) on accounting being time-consuming and unnecessary loaded negatively (-0.59), suggesting that respondents largely disagree with the notion that accounting practices are burdensome, further reinforcing the positive perception of accounting record keeping.

The second factor, *Record Practices*, includes items reflecting actual accounting behaviors such as recording income and expenses (Q9; 0.81), using accounting software or structured books (Q10; 0.74), reviewing financial statements (Q11; 0.69), and engaging an accountant or bookkeeper (Q12; 0.72). These loadings demonstrate that many SMEs are not only aware of accounting benefits but also apply systematic financial practices in their operations.

The third factor, *SME Performance*, consists of items related to business success indicators. These include improved profitability (Q13; 0.75), business expansion (Q14; 0.72), increased customer base (Q15; 0.78), business stability (Q16; 0.71), resource management (Q17; 0.73), and overall satisfaction with performance (Q18; 0.76). The consistency and strength of these loadings confirm that SME performance is a distinct and measurable construct. Overall, the factor structure confirms the validity of the instrument and highlights the integral relationship between perceived benefits, accounting practices, and performance outcomes.

Hypotheses Testing

Hypothesis 1 ($H_0$1):

Ho_1: There is no significant relationship between perceived benefits of accounting record keeping and SME performance.

Ho: There is a significant relationship between perceived benefits of accounting record keeping and SME performance.

Correlations

			SME performance	Perceived benefits of accounting record keeping
Spearman's rho	SME performance	Correlation Coefficient	1.000	.067**
		Sig. (2-tailed)	.	.001
		N	370	370
	Perceived benefits of accounting record keeping	Correlation Coefficient	.067**	1.000
		Sig. (2-tailed)	.001	.
		N	370	370
		Sig. (2-tailed)	0.001	0.001
		N	370	370

**. Correlation is significant at the 0.05 level (2-tailed).

The result of the Pearson Product-Moment Correlation Coefficient test reveals a **significant positive relationship** between perceived benefits of accounting record-keeping and SME performance, as indicated by the correlation coefficient of **0.067** and a **p-value of 0.001**, which is less than the 0.05 significance level. This suggests that as SME owners increasingly perceive accounting records as beneficial, their business performance tends to improve, albeit slightly. Since the p-value is statistically significant, the null hypothesis (**Ho1**), which states that there is no significant relationship, is rejected. Therefore, the alternative hypothesis (**Ho**) is accepted, confirming a statistically significant relationship between the variables.

Hypothesis 2:

Ho_2: SMEs that perceive greater benefits from accounting records keeping do not perform significantly better than those with low perceived benefits.

Ho: SMEs that perceive greater benefits from accounting records keeping perform significantly better than those with low perceived benefits.

Test Method: Independent Samples t-test

Group	**Mean Performance Score**	**Std. Dev.**	**t**	**p-value**
High Perception (>Mean)	4.35	0.52	5.89	0.000**
Low Perception (≤Mean)	3.74	0.60		

The Independent Samples t-test was conducted to examine whether SMEs that perceive greater benefits from accounting record-keeping perform significantly better than those with low perceived benefits. The results show that SMEs with high perception scores (above the mean)

have a mean performance score of **4.35** with a standard deviation of **0.52**, while those with low perception scores (at or below the mean) have a mean performance score of **3.74** with a standard deviation of **0.60**. The calculated t-value is **5.89**, and the p-value is **0.000**, which is well below the 0.05 significance threshold. This indicates a statistically significant difference in performance between the two groups. Therefore, the null hypothesis (Ho) that SMEs perceiving greater benefits from accounting records do not perform significantly better is rejected. The alternative hypothesis is accepted, demonstrating that SMEs with higher perceived benefits from accounting practices tend to achieve significantly better performance outcomes.

Hypothesis 3:

Ho_3: The extent of accounting records keeping among SMEs does not significantly influence their performance.

Ho: The extent of accounting records keeping among SMEs significantly influence their performance.

Test Method: Multiple Linear Regression

Model Summary:

R	R^2	Adjusted R^2	F	Sig.
0.612	0.375	0.368	45.32	0.000**

Coefficients Table:

Predictor	B	Std. Error	Beta	T	Sig.
Regular recording	0.41	0.08	0.34	5.12	0.000**
Use of software	0.28	0.07	0.29	4.00	0.000**
Statement review	0.21	0.06	0.23	3.50	0.001**
Accountant engagement	0.14	0.05	0.18	2.80	0.005**

The multiple linear regression analysis was conducted to examine the influence of the extent of accounting records keeping on SME performance. The model summary shows an R value of 0.612, indicating a moderate positive correlation between the predictors and SME performance. The R^2 of 0.375 suggests that approximately 37.5% of the variation in SME performance can be explained by the accounting record-keeping practices included in the model. The Adjusted R^2 of 0.368 confirms the model's goodness of fit after adjusting for the number of predictors. The overall model is statistically significant, as indicated by the F-value of 45.32 and a p-value of 0.000, well below the 0.05 threshold.

Examining the coefficients table, all predictors—regular recording, use of accounting software, statement review, and engagement of an accountant—have positive and significant effects on SME performance. Regular recording has the strongest impact (Beta = 0.34, p = 0.000), followed by the use of software (Beta = 0.29, p = 0.000), statement review (Beta = 0.23, p = 0.001), and accountant engagement (Beta = 0.18, p = 0.005). This means that increasing the extent of these accounting practices significantly improves SME performance. Therefore, the null hypothesis (Ho) is rejected, and the alternative hypothesis is accepted, confirming that accounting records keeping significantly influences SME performance.

Discussion of Findings

The findings of this study provide compelling evidence that accounting record keeping is not only highly valued but also actively practiced among small and medium-sized enterprises (SMEs) in Aba. More importantly, the results show that these practices have a statistically significant influence on business performance. The demographic profile of respondents reveals a strong presence of educated and experienced SME operators, particularly in the fashion and fabrication sectors. This observation is consistent with the findings of Ademola, Samuel, and Ifedolapo (2012), who emphasized that structured business experience enhances the likelihood of adopting effective accounting practices. The perceived benefits of accounting record keeping were rated highly by respondents, especially in areas such as understanding financial positions, making informed decisions, and accessing credit facilities. This aligns with the assertions of Ofurum, Egbe, and Micah (2018), who argued that transparent financial records enhance SME credibility and improve access to external funding. Furthermore, the significant correlation ($r = 0.67$) and the robust regression results suggest that both perceptions and actual accounting practices are strong predictors of SME performance. This finding supports the Resource-Based View (RBV) theory, which maintains that internal resources such as financial knowledge and systems are critical to achieving competitive advantage (Barney, 1991).

Summary of Findings

i. The result reveals a statistically significant but weak positive relationship between the perceived benefits of accounting record keeping and SME performance ($r = 0.067$, $p = 0.001$). This indicates that as SME owners increasingly recognize the benefits of maintaining accounting records, there is a corresponding, albeit slight, improvement in their business performance. Therefore, the null hypothesis is rejected, and it is concluded that there is a significant relationship between perceived benefits of accounting record keeping and SME performance.

ii. The outcome of the independent samples t-test shows that SMEs with a higher perception of the benefits of accounting record keeping (mean = 4.35, SD = 0.52) perform significantly better than those with lower perceptions (mean = 3.74, SD = 0.60), with a t-value of 5.89 and a p-value of 0.000. This statistically significant difference implies that SMEs which place greater value on accounting practices tend to achieve better performance outcomes. Consequently, the null hypothesis is rejected, confirming that SMEs that perceive greater benefits from accounting record keeping perform significantly better than those with lower perceived benefits.

iii. Finally, the results of the multiple linear regression analysis indicate that the extent of accounting record keeping significantly influences SME performance, with an R^2 value of 0.375 showing that approximately 37.5% of the variance in performance is explained by the model. Each accounting practice—regular recording ($\beta = 0.34$), use of software ($\beta = 0.29$), statement review ($\beta = 0.23$), and engagement of an accountant ($\beta = 0.18$)—had a positive and statistically significant impact on performance, with all p-values below 0.01. It is therefore concluded that the extent of accounting record keeping practices significantly and positively influences the performance of SMEs.

Conclusion

This study concludes that the perceived benefits of accounting record keeping play a crucial role in determining the financial behavior and overall performance of SMEs in Aba. SMEs that recognize the strategic advantages of maintaining proper records—such as access to finance, better decision-making, and regulatory compliance—are more likely to integrate accounting practices into their operations. This, in turn, enhances their chances of achieving profitability, operational efficiency, and long-term sustainability. Conversely, SMEs that undervalue or are unaware of these benefits often operate informally and face challenges in monitoring business progress, attracting investment, or managing resources effectively. The findings validate the theoretical link between perception and performance, aligning with behavioral and resource-based frameworks that emphasize the importance of internal capabilities in enterprise success. Importantly, the study highlights a significant gap between

perceived importance and actual accounting capacity, often constrained by lack of training or resources. Therefore, enhancing SME performance in Aba must go beyond providing accounting tools—it must also foster positive perceptions and build the capability to apply them effectively. These conclusions offer actionable insights for stakeholders aiming to support SMEs through policy, education, and institutional support.

Recommendations

i. Given the significant positive relationship between the perceived benefits of accounting record keeping and SME performance, it is recommended that government agencies, business development services, and SME associations intensify awareness campaigns and training programs to educate SME owners on the tangible advantages of maintaining proper accounting records. This will help reinforce positive perceptions and promote adoption.

ii. Since SMEs with higher perceptions of accounting benefits perform significantly better, stakeholders should promote the use of simple and affordable accounting tools—such as mobile accounting apps and spreadsheet templates—to enable small business owners to effectively track financial activities. Capacity-building workshops should be organized to improve financial literacy and accounting skills among SME operators.

iii. In light of the strong influence of specific accounting practices (such as regular recording, use of software, statement review, and engagement of accountants) on performance, SMEs should be encouraged to institutionalize these practices. Policymakers and financial institutions can support this by offering incentives such as reduced interest rates or access to grants for SMEs that demonstrate strong financial management and record-keeping systems.

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