

**INFLUENCE OF BOOK KEEPING ON THE PERFORMANCE OF  
SMALL-SCALE BUSINESSES IN WUKARI LOCAL GOVERNMENT  
AREA OF TARABA STATE**

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**ABSTRACT**

In both developed and developing countries, government is taking it upon herself to encourage small scale businesses and entrepreneurs' activities for economic growth and development. It has been discovered that lots of small scale businesses are not progressing and some are shut down before achieving their goals as a result of poor management arising from lack, weak and undependable financial information because they failed to keep records of their transactions. A survey research design was adopted. Data were collected via Questionnaire and interview to enable the researcher extract useful information regarding book keeping and performance in small-scale businesses in Wukari Local Government Area of Taraba State. The primary sources of data used were from responses off our hundred and thirty (430) respondents using conveniences randomly selected techniques. Findings show that an effective record keeping in small-scale businesses has great influenced on their business performances. Based on the above discussion, recommendation was made to encourage the adoption of sound records keeping in small businesses. And also Workshop, seminar and conferences on small scale financial records keeping should be organised and financed by government and non-governmental organizations periodically to train owners of small-scale businesses in the study area to enhance their performance.

**Keywords:** Small scale businesses, booking keeping and performance.

**INTRODUCTION**

Book keeping is the process of recording income, expenditure and sales for a certain period of time for a particular business. it is also process that records the daily economic activities of a business. According to Eric and Gabriel (2012), book keeping is an "informal" accounting system where a user of this system makes only one entry to enter all business financial

transaction. Halidu (2004) defines bookkeeping as the art of recording business transaction in such a manner that the financial position of a business can be ascertained readily at any time. Also, bookkeeping is the recording of financial transactions, and is part of the process of accounting in business which includes purchases, sales, receipts and payments by an individual or organization(Onaolapo and Adegbite, 2014). Proper record keeping provides evidence of how a transaction will be handled and also be able to verifies the steps that were taken in order to comply with business standards (Onaolapo and Adegbite, 2014). Record keeping is the foundation on which a compliance program should be built upon, measures should be put in place to capture the documentation and events that take place throughout a transaction commencing from delivery and payment (Reed, 2010). William et al. (2008) state the basic objectives of record keeping include the following: it provide an accurate, thorough picture of operating results, It permit a quick comparison of current data with prior years' operating results and budgetary goals, it offer financial statement for use by management, bankers and prospective creditors, it allow for fast, accurate, and reliable access to records, ensuring the timely destructions of redundant information and the identification and protection of vital and historically important records and it is necessary when a firm is seeking fund from a bank for expansion.

Book keeping is very important to every business setting either small, big, local, national or international. The success and failure of any business depends on the availabilities of information. This information can only be gotten from records kept by the business operators. These records will help in ascertaining the actual income, expenditure and even the benefits gotten from the businesses. It also helps in boasting the effective and efficient performance of the business. (Onaolapo and Adegbite. 2014).Hashin (2011) opined that "if you are going to run a successful business, accurate and timely financial information is a must". Because the accurate and timely information helps in assessing the current position and performance of a business for a certain period of time(Onaolapo and Adegbite, 2014), they also belief that record keeping provide a basis for sound customers satisfaction, planning and decision making for the future and credit facility which enhance performance of the business. Malcolm, McDonald & Cavusgil (1990) again, provided some reasons for a good financial record keeping because information is power which includes: monitoring the success or failure of your business, it bringing in enough money through control of expenditures and it increases sales.

In fact, small scale businesses find it difficult to expand because they carry out their activities base on their level of finance, it is in form of small domestic outlets; farming, fishing, shops, hocking, carriage etc. They need limited resources to achieve their goals. It is a business that can be carryout easily because it demands only little resource within the range of one thousand naira (₦1, 000) to one million naira (₦1,000, 000) according to Central Bank of Nigeria (2004). They

are catalysts for Nigeria's economic growth and development (Nwoye 1991). They have been defined variously by many individuals and institution using various yardsticks such as numbers of employees, volume of sales, value of assets, or the volume of deposit in banks (Ademola et al 2012). But most of these businesses are basically for daily living, they do not keep records of their business activities at all which is detrimental to the health of the business. This is as a result of poor management of business owners which arises from lack of record keeping either inadequate, weak and unreliable records that makes must businesses to shut down before they can achieve their goals.

Proper record keeping helps in improving the effective and efficient performance of any business which is the sole aim of every business established. Book keeping serve as an instrument for decision making. It also a tool for financial control that enable the managers to know the financial positions of their businesses and to take certain control measures to improve corporate performance (Eric and Gabriel, 2012). Therefore, there is need for small scale businesses to keep records of all their transaction which will help them in getting aid from others such as banks, NGOs, corporate bodies in other to burst their performance. keeping records is very important for successful performance of a business. Performance refers to the ability of business to meet the required standards, increased market share, improve facilities, ensuring returns on profitability, and total reduction and once this is achieved, a business is believed to be performing effectively (Fitzgerald et al 2006). According to Bititei et al (2001) asserts that performance is a result of workers because they provide the strongest linkage to strategic goals of the business enterprise, Customer satisfaction and economic contribution that affects the business, hence it addresses the mode in which an activity is accomplished in particular and the level of standards to which a task is carried out within the working environment.

Therefore, every small- scale business need to keep temporal records of its business activities to increased market share, improve facilities, ensuring returns on profitability, improve customer's satisfaction and reduce expenses. That is, the record of income and expenditure either separate or together. According to Williams et al, (2008), business income and expense records are considered temporary accounts, since they represent only the inflows and outflows of business transaction for a particular time period. The income and expenditure record kept will assist the business owner in evaluating his business. According to Smith, Keith, & Stephens (1989) and Longneck and Moore (1988), evaluating financial activities is part of every business decision made they also opined that 'without accurate records of financial information, it may be hard to know the financial position of a given course of action which is usually cause by lack of proper book keeping. Olatunji (2000) and Safiriyu (2012), discovered that lots of small and medium scale enterprises shut down before they can achieve their goals as a result of poor management arising from inadequate, weak and undependable recorded information.

Based on this therefore, this research work will look at the reason behind their inability to keep proper records, importance of record keeping and also to ascertain how record keeping influence performance of small-small businesses in wukari local government area of Taraba state.

### **Research Hypothesis**

H<sub>0</sub>: There is no any significant relationship between book keeping and performance of small-small business

### **METHODOLOGY**

The primary aim of this paper is to determine if there is any relationship that exists between book keeping and performance. The study focuses on some selected small scale business in Wukari local governments. A survey research design was adopted using primary data via structured questionnaire and interview which enables the researcher to extract useful information as regards the book keeping and the level of performance in small scale business. The population of the study was small scale business in Wukari local government. Out of the population, a sample size of four hundred and ten respondents (410) were used with 75% of those that keep records and 25% of those that do not keep records. stratified and convenient sample techniques was used. The data was analysed using descriptive statistic and regression; this involves computation of variables, creation of tables and frequency distribution. This methodology was use by researcher due to its simplicity in analysis and computation

### **DATA PRESENTATION AND ANALYSIS**

#### **Questionnaires and Responses**

Survey copies of questionnaires were administered directly to owners of small scale business in Wukari local government, who are the decisions making officers as this research is concern. Out of four hundred and thirty (430) questionnaires distributed and the interview administered, four hundred and ten (410) questionnaires were retrieved from the field giving the questionnaire response rate of ninety-five percent (95.1%). The response rate is considered adequate according to Asika (2004) who states that the response rate of 30% is acceptable for any survey. A non-response rate of four point nine (4.9%) was recorded for the study, which occurred as a result lack of knowledge of the study area, busy with customers, inadequate time and some look at it as disturbance.

#### **Demographic Data of Respondents**

Three demographic variables are included in this study. They are: gender, age and educational qualification. The results in table below represent distribution of sample individuals according to demographic variables.

**Table 1: Distribution of the Respondents Demographic and Personal Information**

Demographic and Personal Information		Population of respondents	
Variables	Information	Frequency	Percentages (%)
Gender	Male	143	34.9
	Female	267	65.1
Age	Below 20 years	10	2.4
	21-35years	123	30
	36-45years	215	52.5
	46-60years	62	15.1
Education qualification	No formal education	180	43.9
	First leaving certificate	125	30.5
	OND/NCE	95	23.2
	B.Sc./HND	09	2.2
	MSc/MBA	1	0.2
	PHD/DBA	0	0

**Source: Field Survey, 2020**

From Table 1, demographic and personal data of the respondents as shown by gender revealed that 143 (34.9%) of respondents were male, while 267 (65.1%) were female. This shows that female respondents participated more in the study than male respondents. This signifies that female is more into SME than male in Wukari local government.

Demographic data for age also shows that 10 (2.4%) of the respondents were below ages of 20 years, 123 (30%) were in the age group of 21-35 years, 215 (52.4%) were between the ages of 36-45 years, 62 (15.1%) were between the ages of 46-60 years. The age that participated more in the survey fall between 36-45 years.

Demographic and personal data of the respondents for educational qualification of respondents also shows that 180 (43.9%) of respondents has no educational qualification, 125(30.5%) possessed the Ordinary school leaving certificate, also shows that 95 (23.2%) of respondents possessed the Ordinary National Diploma (OND), 09 (2.2%) had the Bachelor's degree and Higher National Diploma, 1(0.2) was Master degree holders, 0 (0%) of respondents are PhD/DBA holders. Therefore, it is belief that majority of the respondents that participated in this research are ordinary school leaving certificate.

**Data presentation and analysis**

**Objective one (1)** Basic reasons behind the inability to keep records.

From the administered questionnaires, the following are the reasons behind the inability of small scale business owners to keep records of their transactions:

1. No educational background, looking at the majority of the respondents have no educational background.
2. Some have not seen reasons for keeping the records since the business is for daily consumption.
3. Lack of orientation,
4. Lack of training
5. Waste of time
6. No specific goal set
7. No budget set that will motivate them to record

**Objective two (2)**Importance of book keeping to small scale businesses

**Table 2: Responses from Questionnaires**

Items to look at	SD %	D %	PD %	PA %	A %	SA %	$\bar{x}$	SD
Book keeping helps SSB in profit determination	4.6	9.3	6.1	20.7	24.1	35.1	4.5585	1.47936
Book keeping helps in determination of incomes and expenditures	1.7	11.7	14.7	23.7	18.8	29.8	4.3537	1.42259
Book keeping help in seeking finance assistance from financial institutions.	5.1	9.0	16.8	21.0	22.7	25.4	4.2317	1.47761
Record keeping enhance decision making	12.4	7.6	16.3	13.4	19.0	31.2	4.1268	1.73657
Lack of Financial Reporting does not Enhance Business Performance	3.2	2.7	19.3	18.5	27.6	28,8	4.5098	1.32538

**Source: Survey 2020**

Table 2, strongly disagree, disagree, partially disagree, partially agree, agree and strongly agree are represented by SD, D, PD, PA, A, SA,  $\bar{x}$  and SD respectively. The table indicated that by combining responses under partially agree, agree and strongly agree only, 79.9% of the respondents accepted that book keeping helps Small-Small Business in calculating and determining their profit with a mean value of 4.6 and standard deviation of 1.48(Iopev and

Kwanum 2012; Bamiduro 2003). 72.3% agreed that book keeping helps SSB to know if their income is increasing to meet up with their expenditure with a mean value of 4.35 and standard deviation of 1.42 which is in line with the work of (Shukla et al. 2006).69.1% agreed that book keeping help in seeking financial assistance from financial institutions to burst their businesses with a mean values of 4.23 and a standard deviation of 1.78 which is in line with willians etal (2008) and Onaolapo and Adegbite (2014). 63.6% indicated that record keeping enhance decision making in their businesses with a mean value of 4.13 and a standard deviation of 1.74, 74.9% also indicated that lack of financial reporting does not enhance business performance with a mean value of 4.51 and a standard deviation of 1.33. Therefore, looking at the responses from the small-small businesses, we discover the percentage of those that responded positively is higher than those that responded negatively.

**Objective three (3) knowledge of business performance**

**Table 3: Responses from Questionnaires on performance**

Items to look at	SD %	D %	PD %	PA %	A %	SA %	$\bar{x}$	SD
Our sales have increases in the last six months because of the records we are keeping	1.0	8.0	11.7	21.5	22.4	35.4	4.62	1.33
Our profits has increased considerably because book keeping help us to regulate our spending	2.5	4.9	11.7	17.3	25.6	38.0	4.73	1.34
The value of our customers in small-small businesses has increase in the last six months in order to burst our sales	0.5	4.4	16.4	28.5	28.5	21.7	4.45	1.55
Our invested income has increase because of increase in profit and reinvestment	1.0	4.6	15.9	31.6	19.3	27.6	4.46	1.23
We adopt low cost pricing system so as to increase our markets	2.7	6.1	15.1	25.1	19.3	31.7	4.47	1.38

**Source: Survey 2020**

The table 4. indicates that by combination of responses under partially agree, agree and strongly agree, 79.3% of the respondents accepted that sales increases in the last six months because of the records they are keeping with mean value of 4.62 and a standard deviation of 1.33.80.9% 72.3% agreed to the facts that their profits has increased considerably because book keeping help them to regulate their spending with a mean value of 4.73 and standard deviation of 1.33, 78.7%



agreed that they have increased the value of their customers by looking at their records which brings about increase of sales in the last six months with a mean values of 4.45 and a standard deviation of 1.55. 77.9 % indicated that their invested income has increase because of increase in profit and reinvestment with a mean value of 4.46 and a standard deviation of 1.23, 76.1% also indicated the percentage of businesses that adopt low cost pricing system which increase their markets with a mean value of 4.47 and a standard deviation of 1.37.

**Test of Hypothesis**

Objective four (4) influence of book keeping on performance

H0<sub>1</sub>: book keeping has no significant effect on performance of small-small businesses.

Linear Regression Analysis book keeping and performance

**Table 4: Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.400a	.160	.158	2.92514

**a. Predictors: (Constant), Com**

**Table 5: ANOVA**

Model	Sum of square	DF	Mean square	F	Sig.
Regression	665.070	1	665.070	77.727	.000b
Residual	3491.404	408	8.556		
Total	4156	.110	409		

**a. Dependent Variable: performance**

**b. Predictors: (Constant), book keeping**



**Table 6: Coefficients a**

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant) 1	14.909	.900		6.561	.000
Competitive Strategy	.360	.041	.041	8.816	.000

**a. Dependent Variable: performance**

**Interpretation**

From the result, it shows that there is a statistically element of relationship between book keeping and performance of small-small business in Wukari local governmentwith sig-value of 0.000 which is less than 0.005 or 5% (Olaoye, 2012).That means, the null hypothesis which state that book keeping have no significant effect on performance of small-small businesses is rejected and the alternative hypothesis.

It is also belief that, if a coefficient is large compared to its standard error, then it is probably different from zero. Anestimate equation is useful if the independent variable, book keeping has some correlation with the dependent variable measure as performance. Book keeping and performance has a moderate correlation of 0.400 indicating that there is a moderate relationship between the two variables.

The predicted value of performance measure has a constant value of 14.909, the determinant is 0 and the coefficient of the independent variables is 0.360, this means that the size of the coefficient of independent variable measure is size of the effect it has on the dependent variable. The coefficient states how much the dependent variable measure is expected to increase when the independent variable is increased by 1 unit (Abeygunasekera and Fonseka (2013).

The prediction component is the t-value and is said to be significance. The t-statistic is the coefficient divided by its standard error. If 95% of the t-distribution is close to the mean than the tvalue, then the coefficient will have a p-value of 5%. The p-value indicates that the independent variable measures the book keeping. The size of the p-value for coefficient says nothing about the size of the effect of that variable on the dependent variable, performance as it is possible to

have a highly significant result for a little effect. The test of the effect of book keeping on performance is said to be significance at 0.000 p-value (Olaoye, 2012; Hashin, 2011).

## **CONCLUSION**

Questionnaires were administered in the course of data collection; research questions were formulated. Findings show that an effective book-keeping in small scale businesses has great influenced on their corporate performances: It determined profitability, it help in knowing the income and expenditure of the business, it help in decision making and it also help in assessing of fund from other institutions. It was concluded that the adoption of sound book keeping would significantly enhance the performance of small and medium scale enterprises in Nigeria.

## **RECOMMENDATION**

1. Local government should organised training for small-scale business owner on how to kept financial record and its importance in decision making for a successful financial performance
2. Local government should set a committee to regulate their activities by policies should be formulated to encourage the SSBs since they affect the growth and development of the state negatively. Policy-makers must be conscious of that.
3. Most of the respondents engaged in SSB for self-employment to generate income to cater for their families which are wrong. The government should discourage the SSBs owners through seminars, workshops and even talk shows.

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