Managers' extent of Utilization of computerized Accounting Practices for the Success of Small and Medium Scale Enterprises in Delta State

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Abstract

The study determined managers' extent of utilization of computerized accounting practices for the success of small and medium scale enterprises in Delta State. One research question was raised, and one null hypothesis was tested at 0.05 level of significance using descriptive survey research design. Convenience sampling technique was used to select 200 SMEs managers from each of the three senatorial districts in Delta State. A self-developed and validated questionnaire with a reliability coefficient of 0.86 obtained with Cronbach alpha formula was used for data collection. The researcher administered the instrument with the help of four research assistants to the respondents. Mean and standard deviation were used to answer the research question and determine the homogeneity or otherwise of the respondents, while the t-test was used to test the null hypothesis. Findings of the study disclosed that computerized accounting practices are lowly utilized by managers for the success of SMEs in Delta State. Also, managers do not differ significantly in their mean ratings on the extent of utilization of computerized accounting practices for the success of SME sin Delta State based on their years of business experience. The study concluded that computerized accounting practices are lowly adopted by managers for the success of SMEs in Delta State. It was recommended that managers of SMEs should undertake technical seminars and workshops to improve their awareness and knowledge of computerized accounting practices. This would encourage them to make use of computerized accounting practices in their business to have a better view of the profitability of their business in Delta State.

Keywords: Small, medium, scale, enterprise, computerized, accounting, practices

Introduction

Small and medium-scale enterprises are important business agents in Nigeria's private economy. There is no single universal definition of small and medium enterprises around the globe. This is because different countries have different criteria depending on the developmental status of their economies and the size of their population (Al-Tlt, Omri&Euchi, 2019). According to the Organization for Economic Co-operation and Development (2021), the standard number of employees for SMEs is (a) micro-enterprises with less than 10 employees, (b) small enterprises with less than 50 employees, and (c)medium-sized enterprises with less than 250 employees. The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2016) defined SMEs using dual

criteria of number of employees and assets base with three classifications as follows: (a) Micro Enterprises: These are enterprises whose total assets (excluding land and buildings) are less than N5m with a workforce not exceeding 10 employees; (b) Small Enterprises: These are enterprises whose total assets (excluding land and building) are above N5m but not exceeding N50m with a total workforce above 10 but not exceeding 49 employees; (c) Medium Enterprises: These are enterprises whose total assets (excluding land and building) are above N50m, but not exceeding N500m with a total workforce of between 50 and 199 employees.

The business activities of SMEs are mostly family-owned and are managed by individuals or groups of individuals known as managers. According to Susan and Al (2017), managers of SMEs are individuals who conceive, launch, and assume the risks for all the economic activities carried out in a business venture. Oluwasina (2019) submitted that managers are responsible for deciding suitable values, norms, beliefs, and systems that will enhance the achievement of their business goals and objectives in the business environment. Managers of small and medium enterprises are entrepreneurs who are sensitive to their environment to see opportunities or challenges and turn them around to make a difference toward economic and social benefits (Rauf, 2016). SME manager is an innovative person who maximizes profit by venturing into commercial undertakings in the marketplace (Kozubková, Belás, Bilan & Barto), 2015). Olaniyi (2016) defined managers of small and medium-scale enterprises as business agents who play a major role in realizing the commercial and marketing objectives of the enterprise.

Managers are not only in charge of taking the initiative to start a business but are also responsible for the success of the enterprise. The concept of SME success is perhaps subjective as some researchers advocate the use of financial measures (Kotane & Kuzmina-Merlino, 2017), while others support the relevance of non-financial measures to define the success of small and medium-scale enterprises (Ahmad & Jamil, 2020). Indeed, there is no consensus among researchers and business managers on the measurements of SMEs' success. Pticar (2018) opined that a manager defined SMEs' success in terms of whether the business is generating higher revenues, while researchers viewed SMEs' success with the achievement of personal dreams and goals. The measurement of SME success is needed for tracking, forecasting, and controlling important variables to examine whether the enterprise is meeting its objectives or not (Angel, Jenkins & Stephens, 2018). Financial elements are not the only indicator for measuring SMEs' success; it need to be combined with non-financial elements to

enable SMEs to adapt to the changes in internal and external business environments (Mashovic, 2018).

SMEs' success is the ability to achieve long-term business goals. The desire to record a better financial position and remain competitive in the ever-changing business environment gives credence to SMEs' success among business managers. One quick avenue of tracking the financial position of SMEs is the utilization of computerized accounting practices by managers. Computerized accounting practices cover the automation of the entire accounting process of small and medium-scale enterprises. Amanamah, Morrison, and Asiedu (2016) averred that computerized accounting practices are electronic accounting systems that offer immediate reports on stock evaluations, profit and loss, customer accounts, and payroll and sales analysis as well as quick adjustment in the accounting system of businesses. Computerized accounting practices use computer software to keep financial records (Bawa, Mustapha & Kumshe, 2018).

According to Akumfi, Yeboah, Otoo, and Mensah (2019), computerized accounting practices are systems that use computers to input, process, store, and output accounting information informs of financial reports. Anokyewaa (2015) posited that computerized accounting practices record all transactions that routinely deal with events that affect the financial position and performance of an entity. Computerizing accounting practices reduce time as against long manual processing, avoids human involvement in certain stages of the accounting process, limits errors caused by human involvement or multiple manual processing, and provides continuously up-to-date reports among others (Makinde-Ojo, Obisesan, Toluwani, Imike, Makinde & Sunday, 2020). This results in increased efficiency and accuracy. In this study, computerized accounting practices entail the use of accounting software and packages by managers of SMEs to keep track of their business transactions as they happen in the marketplace.

Computerized accounting practices as documented by Machera and Machera (2017) and Makinde-Ojo et al (2020)include the following:

Spreadsheet

A spreadsheet can be defined as an interactive computer application program used by individuals or organizations to analyze and store data in tabular form. It is a computerized resemblance of manual or paper accounting worksheets and operates in tables of values arranged in rows and columns. The spreadsheet helps in performing basic arithmetic and mathematical functions. It also performs common financial and statistical operations by

tracking each transaction and creating financial statements. As a computer-based accounting system, spreadsheets are used to maintain individual account balances, incomes, and expenses among others.

Off the Shelf

Another type of computer-based accounting system is the off-the-shelf software program. The off-the-shelf software program or system involves the use of standard accounting software programs for the processing of data into information. These software programs used are sold on store shelves, hence the name off-the-shelf software program. Examples of these software programs include Sage, QuickBooks, and Peachtree. The software programs provide a platform and framework that allows users to enter financial transactions and process these inputs into meaningful information such as reports and financial statements for decision-making.

Custom Designed

Another type of computer-based accounting system is the custom-designed system. The custom-designed accounting system also uses accounting software. However, this system is designed wholly with input from the customer. It is designed to meet the needs of the user completely. Custom-designed systems allow organizations to work with a programmer who will determine what the organization requires from the systems while taking into consideration financial accounting requirements. It works effectively and efficiently in larger firms and companies, and also those with more information needs.

To this end, the extent to which managers of SMEs utilize computerized accounting practices goes a long way in ensuring the success or failure of their business in the competitive market environment. Managers of SMEs' decisions to utilize computerized accounting practices may be affected by their years of business experience. Years of business experience refers to the business intelligence and competencies acquired by SME managers over the years in the business environment. Okolocha and Baba (2017) submitted that persons with 1-5 years fall into low business experience, those with 6 – 10 years belong to moderate business experience and those above 10 years fall into high business experience. The researcher thinks that managers of SMEs with more years of business experience know what it takes to utilize computerized accounting practices more than colleagues with fewer years of business experience. However, this assertion has not been empirically proven to be the case with managers of SMEs in Delta State. It is against this background that the researcher

determined managers' extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta State.

Statement of the Problem

In recent times, there has been a shift from the manual recording of accounting practices to computer-based systems in the business world. The manual accounting practices of ledgers, statements of funds, and budgets are prone to mathematical errors and if these errors are not detected on time, it can lead to financial linkages in the accounting outlay of small and medium-scale enterprises. The problem of the study is that SME managers will not be able to keep track of cash inflow and outflow in the enterprises if they fail to utilize robust and effective computer-based accounting practices in their business operations. This is especially true in Delta State. This notwithstanding, very little attention has been paid by researchers to the extent of utilization of computerized accounting practices by managers for the success of small and medium-scale enterprises in Delta State. There in lies is the gap, this study sought to fill.

Purpose of the Study

The purpose of this study was to determine managers' extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta. Specifically, the study sought to ascertain the extent:

1. Managers' extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta State

Research Question

The following research question guided the study:

1. To what extent do managers utilize computerized accounting practices for the success of small and medium-scale enterprises in Delta State?

Hypothesis

1. Experienced and less experienced managers do not differ significantly in their mean ratings on the extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta State

Method

The study adopted a descriptive survey research design. According to Nworgu (2015), descriptive survey research design is a research design that aim at collecting data and describing, systematically, the characteristics, features, or facts of a given population. A descriptive survey research design makes it possible for the researcher to sample SME

managers' opinions on the extent they utilized computerized accounting practices for the success of SMEs. The population of the study, comprised1347 managers of the small and medium enterprises in Delta State that were registered with the Small and Medium Enterprises Agency of Nigeria (SMEDAN) as at December 2023. A convenience sampling technique was used to select 200 SME managers from each of the three senatorial districts in Delta State.

A structured and validated questionnaire containing seven items on a five-point rating scale of Very Highly Utilized (VHU), Highly Utilized (HU), Moderately Utilized (MU), Lowly Utilized (LU), and Not Utilized (NU) was used for data collection. The reliability of the instrument was determined through a pilot test. Copies of the instrument were administered to 10SMEs managers in Edo State who were not part of the research population. Cronbach alpha was used to measure the internal consistency, which yielded an overall reliability coefficient of 0.86. Copies of the questionnaire were administered to the respondents in their offices personally by the researcher with four research assistants. Out of the 600 copies of the questionnaire administered, only 578 copies (representing 96 percent) were successfully retrieved and used for data analysis. Mean and standard deviation were used to answer the research question and determine the homogeneity or otherwise of the respondents' views.

Decisions on the research question were based on the grand mean to the real limits of numbers. Therefore, items with mean ratings of 1.00 - 1.49 are rated Not Utilized, those with 1.50 - 2.49 are Lowly Utilized, items with mean ratings of 2.50 - 3.49 are rated Moderately Utilized, those with 3.50 - 4.49 are rated Highly Utilized. Items with mean ratings of 4.50 - 5.00 are rated Very Highly Utilized. A t-test was used to test the null hypothesis at 0.05 level of significance. A hypothesis was accepted where the p-value is greater than the alpha level of 0.05 ($p > 0.05$), at an appropriate degree of freedom; otherwise, the null hypothesis was rejected. Data collected were analyzed using SPSS version 23.0

Results

Research Question 1

To what extent do managers utilize computerized accounting practices for the success of small and medium-scale enterprises in Delta State?

Data relating to this research question are analyzed and presented in Table 1.

Table 1

Respondents' mean ratings on the extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises

S/N	extent of utilization of computerized accounting practices	X	SD	Remarks
1	Microsoft Excel	2.08	.73	Lowly Adopted
2	Tally software	1.92	.83	Not Utilized
3	Quickbooks software	1.41	.58	Not Utilized
4	Microsoft Spreadsheet	2.08	.89	Lowly Utilized
5	Pastel software	1.28	.80	Not Utilized
6	SAP software	1.32	.00	Not Utilized
7	Sage software	1.41	.42	Not Utilized
		1.92	.72	
		1.37	.66	
		1.40	.89	
		1.28	.55	

Data in Table 1 show that two out of the seven listed computerized accounting practices with mean ratings of 1.92 and 2.08 are lowly utilized by respondents, while the remaining five practices with mean ratings ranging from 1.28 to 1.41 are not utilized. The cluster mean of 1.54 indicates that computerized accounting practices are lowly utilized by managers for the success of SMEs in Delta State. The standard deviations for the items are within the same range, which shows that the respondents are homogeneous in their opinions

Hypothesis 1

Experienced and less experienced managers do not differ significantly in their mean ratings on the extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta State

Table 2

ANOVA summary of respondents' mean ratings on the extent of utilization of computerized accounting practices for the success of small and medium scale enterprises based on years of business experience

Source of Variance	Sum of Squares	df	Mean Square	F	P-value	Decision
Between Groups	483.89	2	67.206	.125	.102	Accepted
Within Groups	32156.14	575	384.913			
Total	32640.03	577				

Data in Table 2 show that the F-value of 0.125 with a p-value of 0.102 at degrees of freedom of 2 and 575 is greater than the criterion value of 0.05 (p>0.05). The null hypothesis is accepted. This means that managers do not differ significantly in their mean ratings on the extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta State based on their years of business experience.

Discussion of findings

The findings of the study revealed that computerized accounting practices are lowly utilized by managers for the success of SMEs in Delta State. This means that computerized accounting practices such as SAP software, Sage software, Pastel software, Quickbooks software, Microsoft Excel, and Tally software are not frequently used by managers of SMEs in Anambra state. This finding is in agreement with the study of Machine-Ojo et al. (2020)who reported that the majority of SME owners do not employ computerized record-keeping systems in their accounting processes. The finding relates to the study of Amanamah, Morrison, and Asiedu (2016) which reported that the majority of SME owners adopted Excel, Tally, Sage, Pastel, and QuickBooks accounting pieces of software to a low extent. Perhaps, the reported poor utilization of computerized accounting practices by managers of SMEs in

Delta State could be attributed to the expensive cost of setting up computerized accounting systems in their businesses.

Additionally, the study disclosed that managers do not differ significantly in their mean ratings on the extent of utilization of computerized accounting practices for the success of small and medium-scale enterprises in Delta State. They are based on their years of business experience. This finding means that managers of SMEs, irrespective of their years of business experience, share the same position regarding the low extent of utilization of computerized accounting practices in Delta State. This finding supports, Bawa, Mustapha, and Kumshe (2018) who revealed that respondents irrespective of their years of business experience did not differ significantly in their responses on the low extent of utilization of computerized accounting practices. The result is validated by Ali, Berhe, and Mihret (2014)who discovered that the majority of business managers do not have the requisite information technology skills to set up computerized accounting practices that promote the longevity of business enterprises

Conclusion

The manual accounting practices of ledgers, statements of funds, and budgets are prone to mathematical errors and if these errors are not detected on time, it can lead to financial linkages in the accounting outlay of small and medium-scale enterprises. This situation led to the development and introduction of computerized accounting practices. Based on the findings of the study, the researcher concluded computerized accounting practices are lowly adopted by managers for the success of SMEs in Delta State.

Recommendations

Based on the findings of the study and the conclusion drawn, the following recommendations are made:

1. The Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN) should embark on massive computerized accounting education and training for managers of SMEs to help them utilize computer-based accounting practices. This can improve the success of their business operations in Delta State.
2. Managers of SMEs should undertake technical seminars and workshops to improve their awareness and knowledge of computerized accounting practices. This would encourage them to make use of computerized accounting practices in their business to have a better view of the profitability of their business in Delta State.

3. Accounting training institutions in Delta State should incorporate the study of computerized accounting systems as part of their courses. To ensure that future managers of SMEs are equipped with both accounting knowledge and the required information technology skills to operate a paperless accounting system.

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