EFFECT OF FINANCIAL REPORTING ON MANAGERIAL EFFICIENCY OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA

BY

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Abstract
The study examined the effect of financial reporting on managerial efficiency of small and medium scale Enterprises in Nigeria. Sample size of 170 was drawn from the population of about 200 registered companies in Anambra State in which a total of one hundred and seventy (170) copies of questionnaire were administered out of which one hundred and forty (140) copies representing (82%) of the questionnaire were properly completed and retrieved, while thirty (30) copies representing (18%) were not retrieved. The sources used to gather information for this study includes both primary and secondary sources. The main instrument of data collection was the questionnaire. The data were presented in tables as frequency distribution in the data analysis, and percentage frequencies were used. The hypothesis was tested with ANOVA statistical technique at 95% significance level and 5% error limit. Having analysed the data, the following were the major findings; that there is improper implementation of policies towards small and medium scale enterprises in Nigeria; that small and medium scale enterprises provide effective means of stimulating indigenous entrepreneurship; that poor management practices, financial problems, lack of capital, and lack of infrastructural facilities hinder the performance of small and medium scale enterprises in Nigeria. Hence, we therefore recommend that government should ensure that there will be no improper implementation of its policies towards small and medium scale enterprises and should not in the area of incentive and infrastructural development neglect business activities to facilitate small and medium scale enterprises in Nigeria.

Keywords: *Financial reporting, Managerial efficiency, Small and Medium Enterprises, Nigeria*

Introduction

Accounting information is used to direct the attention of managerial decision making for the success of small and medium businesses. The services that are needed by small and medium enterprises include transportation, banking, insurance, education, and financial consultancy, which must involve accounting information. The transactions and contracts arising from these services must be recorded in such a manner that their profitability can be ascertained. Book-keeping, which is the act of recording financial transaction is paramount for the survival of the small and medium enterprises in Nigeria. Adequate knowledge and skills in book-keeping may positively impact small and medium scale businesses (Mutua, 2015). Accounting information is maintained in the form of financial records, which are kept regarding money that acts as a standard measure for estimating the value of purchases, sales, and contract for services, taxes, and rates. However, many owners of a small business have no time for an elaborate system of book-keeping. Nonetheless, it is essential for operators of small and medium scale enterprises to keep an accurate account of business information. Lack of accounting knowledge and the cost of employing experts inhibit the majority of small and medium scale businesses to manage their accounting information.

According to Osotimehin, Jegede, Akinlabi, & Olajide (2012) small and medium scale businesses started gaining prominence in Nigeria from 1970. Osamwonyi and Tafamel (2010), pointed out that small and medium business in Nigeria plays a significant role in the employment generation, rural development, youth empowerment, contribution to the national income and growth, spread and development of adaptable technology, and regional balanced growth channel. It is expected that the success of the Nigerian economy would be partly dependent on the success of small-scale businesses but poor entrepreneurship spirit by the operators of small and medium businesses in

Nigeria negatively impacts their activities. Many small and medium scale enterprises lack the basic knowledge of managing venture beyond the subsistence level hence their financial reporting fell short of the standard accounting practice.

Statement of the Problem
Small and medium enterprises provide a more significant percentage of the economy in Anambra State, which tends to be more susceptible to attrition and failure. Indeed, the inability of small and medium business in Anambra State to maintain a sustainable growth may be regarded as a business failure. The problems, which may arise as a result of lack of proper financial reporting include; lack of managerial and technical know-how, inadequate financial control, poor record keeping, and inability to attract qualified workforce. As such, majority of small-scale industries lack the necessary managerial expertise for effective and efficient running of a business. The existing economic environment in Nigeria and coupled with the absence of adequate managerial skills have negatively impacted small and medium enterprises. Gbandi & Amissah (2014), observed that financial control contributes about 25% of the growth of small and medium scale enterprises. The inability to maintain adequate financial control have a major negative impact on the survival of small and medium scale business in Nigeria. The various owners of small and medium scale businesses have limited knowledge of accounting procedures in operating daily accounting transactions. The World Bank report cited in Gbandi & Amissah (2014) indicated that about 39% of small-scale firms and 37% of medium scale firms in Nigeria are financially constrained. Failure to maintain good records of business transactions constitute a significant problem of the small and medium scale enterprises because keeping adequate accounting record is instrumental to excellent entrepreneurial performance.

Objectives of the study
The main objective of this study is investigate the effect of financial reporting on the managerial efficiency of small and medium scale enterprises in Anambra state. The specific objectives of the study are as follows:
i)   To determine the effect of financial reporting on the productivity of small and medium scale enterprises in Anambra State.
ii)   To examine the effect of financial reporting on the development of indigenous entrepreneurship among small medium scale enterprises in Anambra state.
iii)   To examine the effect of financial reporting on the investors' confidence in small and medium scale enterprises in Anambra state.

Research Questions
The following research questions were formulated from the research objectives, which encompasses:
-    Does inadequate accounting record affect the productivity of small scales enterprises?
-    Does keeping inadequate accounting records and control exposes entrepreneurs among small-scale enterprises to fraudulent practices?
-    How does keeping inadequate record affect investors' confidence in small and medium scale enterprises?

Research Hypotheses
Given the research questions, the following null hypotheses were formulated:
i.   Ho: There is no significant relationship between lack of accounting information and productivity of small and medium scale enterprises.
ii.   Ho: There is no meaningful relationship between keeping inadequate accounting records and entrepreneurship skills among small and medium enterprises.
iii.   Ho: There is no significant relationship between inadequate accounting records and investors' confidence in small and medium scale enterprises.

Review of related literature

Conceptual framework
Financial Record keeping as Accounting Information
Accounting records entail daily entries of business transactions, for instance, sales in respect of receipts and expenditure. An excellent recording provides evidence of how the operation was handled and substantiates the steps that were taking to comply with business standards (Onaolapo & Adegbite, 2014). Keeping accounting records is the foundation on which a compliance programme should be built. Measures should be kept in place to capture the documentation and events that take place throughout a transaction, which commences from delivery and payment (William et al., 2008).

Ademola, Olukotun, Samuel, and Ifedolapo (2012), pointed out that record keeping is essential to business management. Record keeping involves identification, classification, storage and protection, receipt and transmission, retention and disposal of records for preparation of financial statements. Record keeping is a building block, which every modern business depends upon in predicting the level of growth of their business.

Accounting Record Keeping Procedure
Accounting procedure is programmatic; it is more numerical than principle and more susceptible to change, they often represent an alternative way of applying the same law (Zoubi & Al-khazali, 2011). Record keeping cycle involves a process that is followed by accountants and bookkeeping staff in processing raw financial data into output information in the form of financial statements (Onaolapo & Adegbite, 2014). The process ranges from creation of business transactions, analyze and record the transaction in the journal by account name, post
information from journal to ledgers, prepare a trial balance, journalize adjusting entries, post adjustments from the journals to the ledgers, prepare an adjusted trial balance, journalize closing entries, post-closing entries from the journals to the ledger, prepare a post-closing trial balance, and prepare the financial statements (William., Susan., Haila., Bettriel & Carcello, 2008). Financial records provide a background picture of the organizational change when they are maintained over a period (Covin & Selvin, 2008).

Bookkeeping and Challenges of small businesses in Nigeria
Bookkeeping conveys substantial information about the financial strength and current performance of an enterprise. As managers develop operating plans, they think about how those programs will affect the performance of the organization, as conveyed by the financial statements (Onaolapo & Adegbite, 2014). Eric and Gabriel (2012) noted that bookkeeping is a tool for financial control that enables managers to know the financial position of their business and to take absolute control measure to improve corporate performance. Financial statement analysis can be obtained through bookkeeping, and it entails comparing the firm's performance about other businesses in the same industry (Onaolapo & Adegbite, 2014). Small-scale businesses vary in many different countries because of the investment/capital, turnover, and employee threshold (Carsamer, 2009). Oloki (2011) argued that lack of proper record keeping makes it impossible for owners of small businesses to do a critical assessment of their performance. Inadequate financial record keeping is linked to the small scale businesses in Nigeria for not making profits.

Record keeping itself has a long history dating back to 3600BC where clay tablets were used to maintain records and list of commodities (Mairura, 2011). It is often stated that business decisions need to be supported by excellent and quality financial information, which needs to be relevant, user-friendly and available promptly. The difference in operation technique may influence deficit in accounting method employed in generating financial information (Abdulrasheed., Khadijat & Oyebola, 2012). It is hard for small-scale businesses to access finances from the financial institutions when they lack proper financial records as a requirement (William, 2008). Regardless of many pieces of evidence that abound on the role of record keeping in business performance, the majority of small-scale business owners do not keep a record (Alhassan & Muazu, 2014). Many small business owners remained unconvinced about the role of accounting information, such as

record keeping in business growth, performance, and profitability. Record keeping is one of the important factors influencing performance of a business.

The definition and nature of small scale businesses vary from country to country depending on the investment/capital, turnover and employee threshold for instance in Canada, Carsamer (2009) adopts an employee threshold approach to categorizing small scale business. Accordingly a small firm is viewed as one which has less than 100 workers (given that the enterprise is in good producing business) or less than 50 workers (given that the business in the service sector) (Alhassa & Muazu, 2014). As such they stated that the record continuum theory provides the theoretical justification for keeping a proper and accurate business records. Small scale enterprise with higher formal education, work experience, training and assistance from government would be expected to have a rapid growth than those without these qualities (Agwu, 2014).
Okoli (2011) links proper keeping of records to profitability of small scale businesses in Nigeria and argues that the lack of proper keeping of records makes it impossible for owners of small businesses to do a critical assessment of their performance. Accounting procedure is programmatic, more numerical than principle and more susceptible to change, they often represent alternative way of applying the same principle (Zoubi & Al-khazali, 2011). It has been discovered that majority of small scale businesses shut down before they can achieve their goals as a result of poor management arising from inadequate weak and indispensable accounting and financial information (Safariyu, 2012).

Small scale businesses has been defined variously by many individuals and institutions using many yard sticks such as number of employees, volume of sales, value of assets, or the volume of deposits in banks. Ademola., Samuel & Ifedolapo, (2012) pointed out that small scale businesses are catalysts for catalysts for world's economic growth and development which have dominated the industrial sector of both developed and underdeveloped countries. It is expected that the success of the Nigerian economy would be partly dependent on the success of small scale businesses (Raymond, Ezenyirimba & Moses, 2014). It is often stated that business decisions need to be supported by good and quality financial information which needs to be relevant, user friendly and available in a timely manner (Abdulrasheed, Khadijat & Oyebola, 2012). The difference in operation technique may influence deficit in accounting method employed in generating financial information. Studies also show that it is hard for small scale businesses to access finances from the financial institutions since they lack proper financial records as a requirement (William, 2008). Despite the fact that evidence abound on the role of record keeping in business performance, majority of small scale business owners do not keep record, with majority of them complaining that it is time consuming (Alhassan & Muazu, 2014). In effect many of them remained unconvinced about the role of accounting information, record keeping in business growth, performance and profitability.

Theoretical framework
Contingency Theory
Contingency theory suggests that an accounting information system should be designed in a flexible manner so as to consider the environment and firms' structure confronting a firm. Accounting information systems also need to be adapting to the specific decisions being considered. In other words, accounting information systems need to be designed within an adaptive framework. Previous studies argued that environmental uncertainty is a fundamental driver for designing management accounting systems among successful firms.

Agency Theory

Agency theory has been one of the most important theoretical paradigms in accounting during the last two decades. The primary feature of agency theory that has made it attractive to accounting researchers is that it allows us to explicitly incorporate conflicts of interest, incentive problems, and mechanisms for controlling incentive problems into our models. This is important because much of the motivation for accounting and auditing has to do with the control of incentive problems. It is generally assumed that the principal is risk-neutral and the agent is risk- and effort averse. The principal and agent are assumed to be motivated by self-interest, often leading to conflicting objectives. The sharing rule that determines the allocation of outcome between the principal and the agent is called a contract, whether it is written or not. Thus, agency theory provides a vehicle for formal, direct analysis of the economic elements of incentive compensation contracts based on effort levels or surrogates of effort levels.

Theory of Financial Lending
As stated in Boot (2000), finance theory suggests that bank lenders and firm borrowers enter into lending relationships to alleviate information asymmetries and agency costs. A bank lending relationship is said to exist when the incumbent lender can repeatedly deal with the borrower in a more efficient way than competing lenders can. The exact sources through which these relationships add value are poorly understood.

Firm Characteristics Theory
Godlewski and Ziane (2008,) in their theory predict that the number of borrowing relationships will be decreasing for small, high-quality, informationally opaque and constraint firms, all other things been equal.

Empirical Review
Oladejo (2008) in the work titled "essentials of management and accounting" pointed out that the achievement of the firm's objectives is greatly influenced by the application of accounting records. Accounting information has contributed immensely to the unprecedented rate of small-scale business growth through the disclosure of their expenses, income, and profit and loss at the end of an accounting year.

Osamwonyi & Tafamel, 2010) in their study on options for sustaining small and medium scale enterprises in Nigeria stated that corrupt practices by many business owners in Nigeria have prevented them from maintaining proper accounting information. While Onaolapo & Adegbite, (2014) in their work on the analysis of the impact of accounting records keeping on the performance of the small and medium scale enterprises observed that majority of small-scale business owners preferred to recruit unskilled personnel especially sales boys and girls, and clerical accounting staff. They argued that untrained clerical teams have ended up in helping the small-scale business to stagnate.

Abdilrasheed et al., (2012) in their study on accounting principles of small enterprises in Ilorin Metropolis of Kwara state opined that many of the small-scale businesses do not have sufficient financial and human resources to manage their obligations. Furthermore, many small-scale businesses have difficulties in ascertaining comprehensive accounting record that satisfies the laws under which it was incorporated (Onaolapo & Adegbite, 2014). For a country to reach its full potential regarding economic and social development, it requires the contribution of the small-scale businesses as the backbone to the national development (Osotimohin & Tafamel, 2012).

Okonkwo and Obidike (2016) in their work on small and medium scale enterprises financing pointed out that Small and Medium Scale Enterprises (SMEs) often operates at a low scale that is unattractive to banks. Many of them are incorporated and banks are not forthcoming in investing in a multiplicity of small ventures that are scattered all over the country. Besides, a Small and Medium Scale Enterprises are mostly family businesses and they are therefore reluctant to open

their businesses up, especially to banks that they regard as intruders. The concomitant effect is that less financial facilities are made available to SMEs.

Felicia (2011) on the study of determinants of commercial banks' lending behavior in Nigeria investigated the effectiveness of the common determinants of commercial banks lending behavior. The study however, suggests that commercial banks should focus on mobilizing more deposits as this will enhance their lending performance and should formulate critical, realistic and comprehensive strategic and financial plans.

However, others argue that the high cost of contracting professional accountants has left SME owners with no better option but to relegate management of accounting information. Also a good accounting system is not only judged by how well records are kept but by how well it is able to meet the information needs of both internal and external decision makers.

Theoretically, some theories were adopted in the cause of this project such as agency theory and lending theory. Several researches have been carried out on the effect of accounting information on managerial decision making and many authors have concentrated in giving out solutions to the problems of small and medium scale enterprises, but have also neglected some vital area such as the effect of financial reporting on managerial efficiency of small and medium scale enterprises in Nigeria. It is in view of above problems, the researcher tends to disclose with the believe that it will close the gaps and will also contribute to the effectiveness and efficiency of the small and medium scale enterprises in Nigeria.

Methodology
Research Design
The survey research technique was adopted in carrying out this research work. The study was carried out within Anambra State in south-east Nigeria and can therefore, be said to reasonably represent the views of all parties mentioned in this study. The population used for this study is based on the number of registered small and medium scale enterprises in Anambra state. However, there are about 200 registered small and medium scale enterprises (SMEs) in Anambra state. The sample for this study is based on the study of the registered small and medium scale enterprises (SMEs) in Anambra state. The researcher used random sampling techniques. The questionnaire was used as the major instrument for data collection. The sample size frame consists of the number of small and medium scale enterprises in Anambra sate. The sample size was determined using Yaro's Yamane formula with a margin of error of 3% and a population of 200 SMEs in Anambra State.

The researchers made use of tables, percentages and ANOVA statistical technique in the presentation and analysis of the data collected at the significant level of 95% that is at 5% error limit. Decision rule: Accept the alternative hypothesis (H1) if the computed ANOVA value is greater than the critical table value and reject null hypothesis (H0) if the computed ANOVA is less than the critical table value.

Data Presentation
A total of one hundred and seventy (170) copies of the questionnaires were administered out of which one hundred and forty (140) copies representing (82%) of the questionnaire were properly completed and retrieved while thirty (30) copies representing 18% were not retrieved.

Please Note; SA = Strongly Agree, A = Agree, UD = Undecided, D = Disagree, SD = Strongly Disagree

Table 4.1: Analysis of respondent's response

S/N	QUESTIONS	SA	A	UD	D	SD
1	Accelerated economic growth and development is a sine-quanon for improving the quality of life.	42/30%	42/30%	20/14%	18/13%	18/13%
2	Government policies adequately support to improve and enhance the	42/30%	44/31%	9/6%	20/14%	25/18%

No	Statement					
	capacity of small and medium scale enterprises in Nigeria.					
3	Small and medium scale enterprises contribute to global economic growth and development.	25/18%	40/29%	55/39%	10/7%	10/7%
4	Frequent changes and sometimes conflicting government monetary policies have in many ways tend to hurt small and medium scale enterprises in Nigeria.	35/25%	40/29%	20/14%	20/14%	25/18%
5	Government neglect small and medium scale enterprises in the area of incentive and infrastructural development to facilitate business entity.	45/32%	40/29%	30/21%	15/11%	10/7%
6	There is significant financial support given to small and medium scale enterprises in Nigeria by government and other individual bodies in order to thrive.	43/31%	46/33%	10/7%	19/14%	22/16%
7	Entrepreneurship reduces poverty and improve standard of living.	48/34%	24/17%	26/19%	32/23%	10/7%
8	Government established various support institutions and reliefs measures aimed at improving of SMEs.	39/28%	46/33%	10/7%	21/15%	24/17%
9	Small and medium scale enterprises have immensely contributed to the economic growth in Nigeria.	51/36%	45/32%	6/4%	32/23%	6/4%
10	Small and medium scale enterprises provided effective means of stimulating indigenous entrepreneurship	40/29%	32/23%	18/12%	12/9%	38/27%
11	Entrepreneurship can promote industrial and technological growth.	31/22%	51/36%	17/12%	20/14%	21/15%
12	The role played by government towards promotion and development of small and medium scale enterprises in Nigeria is highly effective.	43/31%	33/24%	33/24%	20/14%	11/7%
13	Unemployment is detrimental to economic growth and development	22/16%	32/23%	52/37%	14/10%	20/14%
14	Poor management practices constrain the success of small and medium scale enterprises.	30/21%	44/31%	26/19%	24/17%	16/11%
15	Financial problems, poor management practices or expertise, poor accounting system, lack of materials, government unfavorable fiscal policy and lack of infrastructural facilities are the major constraint to the development of small and medium scale enterprises in Nigeria.	47/34%	37/26%	27/19%	19/14%	10/7%

Source: Researchers' computation, 2017

Hypotheses Testing

Hypothesis 1

H0: There is no significant relationship between government intervention and productivity of small and medium scale enterprises.

H1: There is no significant relationship between government intervention and productivity of small and medium scale enterprises.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Government intervention	140	1.00	11.00	3.5714	1.50846
promotion and development	140	1.00	11.00	3.4357	1.52773
Valid N (listwise)	140				

The descriptive statistics shows the relationship between government intervention and the promotion and development of small and medium enterprise in Nigeria. The means of 3.5714 is greater than 3.0 which is the criterion mean, which implies that there is relationship between lack of accounting information and productivity in small and medium enterprise.

ANOVA

Promotion and development

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	309.963	5	61.993	574.532	.000
Within Groups	14.459	134	.108		
Total	324.421	139			

The ANOVA result shows that the F-statistics has the value of 574.532 which is greater than the critical value 1.96. This implies that there is a relationship between government intervention and the promotion and development of small and medium enterprise in Nigeria. In other words, government has significant role to play in the promotion and development of small and medium enterprise in Nigeria.

Decision rule: since the P-value (significant value) of 0.000 is less than 0.05, null hypotheses is rejected and alternative hypothesis accepted. The study concludes that role played by government towards promotion and development of small and medium scale enterprises in Nigeria is highly effective.

Hypothesis 2

H0:   There is no meaningful relationship between keeping inadequate accounting records and entrepreneurship skills among small and medium enterprises.

H1:   There is a meaningful relationship between keeping inadequate accounting records and entrepreneurship skills among small and medium enterprises.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Accounting information	140	1.00	5.00	3.4214	1.36275
Entrepreneurial skills	140	1.00	5.00	3.3643	1.39995
Valid N (listwise)	140				

The descriptive statistics shows the relationship between accounting records and entrepreneurial skills in small and medium enterprise in Nigeria. The means of 3.4214and 3.3643 for accounting records and entrepreneurial skills respectively is greater than 3.0 which is the criterion mean, which implies that there is relationship between accounting records and entrepreneurial skills in small and medium enterprises.

ANOVA

Entrepreneurial skills

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	261.192	4	65.298	784.988	.011
Within Groups	11.230	135	.083		
Total	272.421	139			

The ANOVA result shows that the F-statistics has the value of 784.988 which is greater than the critical value 1.96. This shows that there is a relationship between accounting records and entrepreneurial skills in small and medium enterprise in Nigeria. In other words, keeping inadequate accounting records affects entrepreneurial skills in small and medium enterprise in Nigeria.

Decision rule: since the P-value (significant value) of 0.011 is less than 0.05, null hypotheses is rejected and alternative hypothesis accepted. The study concludes that there is a meaningful relationship between keeping inadequate accounting records and entrepreneurship skills among small and medium enterprises.

Hypothesis 3

H0:   There is no significant relationship between inadequate accounting records and investors' confidence in small and medium scale enterprises.

H1:   There is a significant relationship between inadequate accounting records and investors' confidence in small and medium scale enterprises.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Accounting records	140	1.00	5.00	3.4425	1.36275
Investors confidence	140	1.00	5.00	3.1643	1.39995
Valid N (listwise)	140				

The descriptive statistics shows the relationship between accounting records and investor's decision in small and medium enterprise in Nigeria. The means of 3.4425and 3.1643 for accounting records and investor's confidence respective is greater than 3.0 which is the criterion mean, which implies that there is relationship between accounting records and entrepreneurial investor's confidence in small and medium enterprise.

ANOVA

Investors confidence

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	261.192	4	69.558	927.440	.001
Within Groups	11.230	135	.075		

| Total | 272.421 | 139 | | | |

The ANOVA result shows that the F-statistics has the value of 927.440 which is greater than the critical value 1.96. This shows that there is a strong relationship between accounting records and investor's confidence in small and medium enterprise in Nigeria. In other words, inadequate accounting records affects investor's confidence in small and medium enterprise in Nigeria. Decision rule: Since the P-value (significant value) of 0.001 is less than 0.05, null hypotheses is rejected and alternative hypothesis accepted. The study concludes that there is a significant relationship between inadequate accounting records and investors' confidence in small and medium scale enterprises.

Discussion and Interpretation of Results
Hypothesis one tested the role played by government towards promotion and development of small and medium scale enterprises in Nigeria. It was tested using analysis of variance (ANOVA), the null hypothesis was rejected and this implies that the role played by government towards promotion and development of small and medium scale enterprises in Nigeria is effective. The findings is consistent to the findings of Ademola (2012), which states that government plays an important role to the development of small and medium enterprise in Nigeria.

Hypothesis two tested the relationship between keeping inadequate accounting records and entrepreneurship skills among small and medium enterprises. The findings revealed that there is a meaningful relationship between keeping inadequate accounting records and entrepreneurship skills among small and medium enterprises. The finding is in conformity with the findings of Oladejo (2008), which states that accounting records affects entrepreneurship skills. In contrary, the findings of Mairura (2011), states that accounting records do not necessarily affects enterpreneurial skills but training and development do.

Hypothesis three tested the relationship between inadequate accounting records and investors' confidence in small and medium scale enterprise. After testing the hypothesis using analysis of variance (ANOVA), the findings revealed that there is a significant relationship between inadequate accounting records and investors' confidence in small and medium scale enterprises. The finding is consistent to the findings of Okonkwo and Obidike (2016), which states that accounting records significantly affect investor's confidence. Also, the findings of Ademola (2012), shows that there is a relationship between inadequate accounting records and investors' confidence.

Summary of Findings
In hypothesis one, the ANOVA result shows that the F-statistics has the value of 574.532 which is greater that the critical value 1.96. This implies that there is a relationship between accounting information and the productivity of small and medium enterprise in Nigeria. In other words, lack of accounting information affects productivity in small and medium enterprise in Nigeria.
Hypothesis two shows that the F-statistics has the value of 784.988 which is greater than the critical value 1.96. This shows that there is a relationship between accounting information and entrepreneurial skills in small and medium enterprise in Nigeria.
Hypothesis three shows that there is a significant relationship between inadequate accounting records and investors' confidence in small and medium scale enterprises.

Conclusion
This study has been an attempt to examine small and medium scale enterprises (SMEs) in Nigeria: problems and prospect, having gone through the whole length of data analysis, hypothesis, testing and discussions. The following conclusions are hereby drawn that the role played by government towards promotion and development of small and medium scale enterprises in Nigeria is highly effective, in the sense that government supported small and medium scale enterprises (SMEs) through favorable investment policies, institutional and fiscal policy, protective business law and

financial incentives to encourage the national development and indigenization policy which small and medium scale enterprises (SMEs) are very central to. Several micro lending institutions were established to enhance the capacity and development of small and medium scale enterprises and liberalization of the banking sector to enhance the banking institutions for effective participation in the growth and capacity building of small and medium scale enterprises in Nigeria.

Recommendations
Based on the findings and conclusion of the study, the following recommendations were made:

(i) Small and medium enterprise should ensure that proper records of all receipt and payment and other transactions that takes place in their business firm. Such would help in increasing the productivity of Small and medium enterprise.

(ii) Small and medium enterprise should employ the service of accountants that will help them in the preparation of accounting records for increase in managerial efficiency and performance.

(iii) Small and medium enterprise should ensure that their financial record shows true and fair view without any form of misrepresentation. That would help in ensuring that investor's confidence is assured.

(iv) Small and medium enterprise should train their staff on the use of accounting information to know when the business in making profit or loss.

(v) Government should continue to intervene in the development of small and medium enterprise since small and medium enterprise contributes significantly to the growth of the economy

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