



Research Article

The Effects of Computerized Accounting Systems Usage By Small and Medium Scale Enterprises in Yagba East Local Government Area of Kogi State, Nigeria

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Abstract

The study focused on establishing the level of usage, effects, benefits and challenges of Computerized Accounting Systems (CAS) by Small and Medium Scale Enterprises (SMEs) operating in the Yagba East Local Government Area of Kogi State. Systematic sampling techniques were used to select 370 SMEs for the study. Descriptive statistics and inferential statistics were used to analyze the data. Thus, the results of the study revealed that only a few SMEs are using computerized accounting software. The low level of usage is attributed to cost, personnel, and lack of information on the benefits of using CAS. Those using computerized accounting indicated that the systems play important roles in the success of their business objectives including timely information management, large data storage capacity, reduction on clerical works, and enhanced customer satisfaction/needs. Conclusively, usage of computerized accounting system by small and medium scale enterprises have the impact to improve their performance; meanwhile, lack of information on the benefits of the usage and knowledgeable personnel are negatively affecting the usage of the software. Therefore, it is recommended that small scale enterprises (SMEs) be enlightened on the benefits of using CAS.

Keywords: Small and Medium Scale Enterprises, Computerized Accounting Systems (CAS), Descriptive statistics, inferential statistics.

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Introduction

Accounting plays important roles in the achievement of contemporary business organizations. Every business must save and keep track of the financial data that identifies with its business exercises. Modern accounting is founded on the system developed by an Italian monk Luca Pacioli over 500 years ago. This great scientific system was so well accomplished that even current accounting principles are based on it (De Saints, 2010).

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In retaining track of financial information business are worried primarily with methods of recording transactions, keeping records, performing audits, reporting, and analyzing financial statements to the management and receiving advice on tax matters. As a result, organizations put in place a standardized process that identifies records, measures, classifies, verifies, summarize, interprets and communicates financial information. This shows the profit or loss for a given period and the value of nature of the organization's assets, liabilities, and equity. Accounting supplies information on the resources available to a firm, the means employed to finance those resources, and the outcomes achieved through their use. Also, manual accounting systems provide useful way of recording business transactions and can deliver an accounting information system for the small and medium enterprises business owner. Though, the manual accounting system needs a greater understanding of how to keep book, it can be easier to manage once the key concepts of double entry book keeping have been learnt. Tavakolian (1995) emphasized that the manual accounting systems considered of book ledgers and calculators. However, with this system, it was possible for errors to be introduced in to the data since they could go undetected for some time.

Gupta (2008) defines a computer as a programmable machine that responds to a specific set of instructions in a well-defined manner and can execute a pre-recorded list of instructions. The wide spread utilization of computers has effectively given a certain simplicity, speed and precision to the way in which business organizations are managed. Furthermore, the information technology (IT) revolution that brought in computers has experienced a number of changes. The most remarkable one being in the 1960s, when large organizations need to store a lot of information. The use of computers at first was for difficult data bases only. Although, individuals understand the numerous uses that computers brought to the table for everybody day utilization.

Prior to computers being introduced in organizations, there were different gadgets in work places, for instance, fax machines, typewriters, telefax gear, stenograph equipment and filing cabinets that were widely used. Computers completely replaced all these office instruments. Offices were basically being cleared of numerous equipment to bring about ideal utilization of the available space. The internet has profited organizations greatly as information, letters, illustration, applications of any kind of correspondence can be transmitted from individual, at isolated areas in a matter of seconds. The internet likewise encourages connection to the masses. Stock speculators, forex brokers, media organizations, money related organizers and organization holders rely heavily on electronic correspondence for short period of exchange of data.

Professional programs are used by endless individuals around the globe. For example, engineers, modelers, logistic faculty etc. A large number of things can be carried out and made

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with the help of computers. Nowadays, when an organization needs information, it is available at the click of a button. It also allow businesses to obtain data about computers, clients, suppliers and so on, which assists in the better running of any business organization.

A computerized accounting system transactions using a computer, an accounting software is kept in a well-composed data base. The user works on such a database-situated where the transaction information is stored in a well-composed data base. The user works on such a data base using the needed interface and further obtains reports by appropriate transformation of the data. Computerized accounting is profitable by the use of current technological advances but has also created new types of accounting applications for businesses (Burdick, 2010).

Consequent upon the quick change in technology, many small and medium scale enterprises like to guide financial transactions with computerized software than to rely on manual system of book keeping. The improvement in data innovation has eventually supported the introduction of computerized accounting systems to assist produce germane financial reports for both management and outside clients for decision making (Mtetwa, 2010).

Computerized accounting tends to involve committed accounting software and digital spreadsheets to keep track of a business. It is beneficial use of current technological advances. Organizations now employ full accounting software that can coordinate all business operations, including outside suppliers and sellers. Computerized accounting systems have replaced manual-based accounting in virtually all businesses and organizations, providing managers, accountants, employees and shareholders access to vital accounting information at the touch of a button.

Computerized accounting systems automate the accounting process, enhancing productivity and cutting down expenses. What is more, it has a tendency to be more exact, quicker to use and less subjected to error than the manual system (Alexia, 2010). In today's automated, interconnected, worldwide business environment, computerized accounting systems have become the 'engine growth' in small and medium scale enterprises. It therefore, involves the computerization of accounting information systems, which is established in order to fast track decision making. These are connected with a members of benefits like speed of carrying out routine transactions, timeless, quick analysis, accuracy and reporting.

The contribution of SMEs to the growth of national economic is important. SMEs are very important players to nation, state and local government, whether one considers the situation of a developed economy or a developing nation. Apart from being important sources of employment and income in many developing countries, SMEs with their flexible nature have fair adaptability to changing market conditions, making them better suited to withstand

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periodic downturns. The dispersion of SMEs across the nation also elevate better distribution of income, and creates additional value in raw materials and products, bring about efficiencies in domestic market.

The structure of this research is as follows: First, a literature review on this issue was conducted, from this, the research questions were designed. After the methodology is described and the statistics analysis is applied. Finally, results discussion is made and main conclusions drawn. Accounting systems (manual or computerized) have a positive or negative impact on productivity and performance of SMEs. The main problem is that inaccurate and inefficient accounting systems have been appreciated as the reason behind the collapse of many SMEs in Yagba East Local Government Area of Kogi State Nigeria. However, this has contributed negatively by decreasing the quality of services, increasing costs and resources wasting activities. It also contributes to decreasing the competitiveness of SMEs through the systems' in ability to supply the right information at the right time (Perez, Estebanez, Urquia and Murioz 2011). Despite the significance of computerized accounting systems and its wide spread use, there has being relatively little research in the area. This study contributes filling the gap by exploring the adoption and the use of computerized accounting systems and it is wide spread use of CAS in Nigeria. It aimed to provide the necessary information about the level of usage among SMEs in Yagba East L.G.A of Kogi State and identify the challenges they faced in the use of the systems.

Literature Review

Under this section various related work will be reviewed

The criteria for explaining SMEs in Nigeria is determined by the number of employees in the fold of the enterprise. There are several definitions for SMEs worldwide. Meanwhile, the most widely acceptable parameter is the number of employees of the enterprise. Using this parameter most often generates certain equivocal in respect of the in accurates and cut off points used by several official sources.

One distinguished point is that small and medium enterprises make better use of limited resources at hand than large scales enterprises.

Manual Vs Computerized Accounting

Weber (2011) points out that accounting can be divided into two basic categories; those which apply manual accounting, and those which prefer computerized accounting system is a set of thing working together as parts of a mechanism or an interconnecting work. A system is a set of interacting or independent groups or components forming an integrated whole or interacting elements forming a collective entity, or coordinated assemblage of parts, facts, concepts etc. Hartzell (2006) defines system as "any series of interconnected elements forming

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an organized whole with a common objective”. Examples can range from an individual central nervous system to a society’s family and kingship arrangements.

An accounting system is the organized set of manual and computerized accounting methods, procedures and controls established to gather, record, classify, analyze, summarize, interpret and present accurate and timely financial data for management decisions (<http://www.businessdictionary.com> 2010). Every organization must operate an accounting system due to the fact that is generally recommended for companies to report on its financial position to the stakeholders for better decision taking and other policy implementations. The decision to choose whether a company would operate a manual or computerized accounting system depends on the company itself.

Whether manual or computerized, accounting is known to have a cycle that includes the following steps: journalizing the transactions; posting them to ledgers, accounts preparing after-closing trial balance (Weber 2011). From the look of accounting cycle, it is not difficult, but when there are thousands or millions of transactions to be handled, the situation changes. Lots of transactions that must be processed in the accounting cycle make this process routine and even a little mistake or inaccuracy can cause all the cycle from the beginning to fail which will therefore require extra effort to find and correct the mistakes.

Meanwhile, in discussing the three stages of data processing-input, process and out-one observe the difference between a computerized accounting system (Figure 1) and a manual accounting system (<http://www.sharepointsecurity.com> 2022).

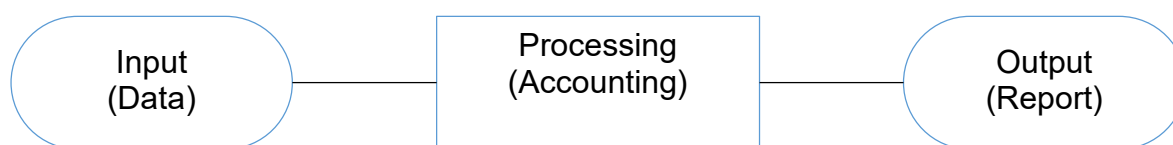


Figure 1. The relationship between three stages of data processing

Source: <http://www.sharepointsecurity.com/sharepoint/microsoft-dynamics-gp> (2022)

Inputs represent data from source documents, such as sales receipt, bank deposit slips, fax orders and other telecommunications. Inputs are usually grouped by type. For example, a firm would enter cash-sale transactions separately from credit sales and purchase transactions. However, manual accounting system, processing includes journalizing transactions, posting to the accounts and preparing the financial statements. A computerized system also processes but without the intermediate steps (Journal, ledger and trial balance).

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Outputs are the reports used for decision-taking, including the financial statements (income statement, balance sheet and so on).

Computerized accounting systems

Waburoko (2001) defines a computer as a general purpose machine, which can receive, store, manipulate and output information. It is therefore agreeable that a computer is an electronic device that operates and runs under the control of instructions or commands stored in its own memory unit, accepts data through input, stores it, processes the data and produces output. Computerized accounting is defined by Wood and Sangster (2005) as a total suit of components that together comprises all inputs, storage, transactions, processing, collecting and reporting of financial transaction data. Individual and companies big and small manage their money and assets one way or the other. Infact, they hire accountants to balance their books. Before, the introduction of information technology in to accounting, these accounting protocols were performed manually.

Thus, many accountants and non-accountants like to use computer software to perform these duties. Whereas manual accounting is very detailed since accountants must carefully enter information into physical books, computerized accounting uses software programs designed from traditional manual accounting systems and involves the use of computers, spreadsheets and programs designed to record and report financial information electronically (Osmono 2011). Meigs (1998) posits that a computerized accounting system is a system that uses computers to input, process, stores and output accounting information for financial reports. He adds that an accounting system records all transactions that routinely deal with events that affect the financial position and performance of an entity. Marivie (2009) describes a computerized accounting system as a method or scheme by which financial information on business transactions recorded, organized, summarized, analyzed, interpreted and communicated to stakeholders through the use of computers and computer based systems such as accounting packages. He emphasized that it is a mechanized process of facilitating financial information inflows as well as the automation of accounting tasks such as database recording and report generation.

Maverick (2009) adds that keeping accurate accounting records is a vital part of any organization. Apart from helping it to keep afloat financially and legally, it is a requirement of finding bodies or donors. However, efficiency and accuracy aimed at overcoming fundamental challenges which do not change the basic accounting principles. The principles of accounting remains the limitations of many accounting and hence producing quality and reliable work. McBride (2000) explained that computerized packages can quickly generate all types of reports needed by management. For instance, budget analysis. Data processing and analysis are faster

and more accurate which meets the managers' need for accurate and timely information for decision taking.

A computer-based accounting system processes data in the same manner as does in a manual system. Source documents, the data from these source documents are then key-punched into punched cards, which can be read by the computer. The computer process the information and performs such routine tasks as printing journals, posting to ledger accounts, determining account balances and printing financial statements and other reports.

Factors that influence Computerized Accounting Systems (CAS)

Studying the factors that influence computer adoption, internet adoption and accounting software adoption, Taragola, Lieved and Huylenbrock (2001) concluded that the probability of computer adoption is significantly influenced by business size, importance creativity and innovation, education level and computer training of the firm manager, creativity and innovation, growth, stabilization and negatively related to intention to adopt accounting software is positively related to a favourable attitude towards accounting and intrinsic objectives.

Methodology

Population and Sampling Method

The available data from the ministry of trade and investment Kogi-State suggests that about 90percent of all establishments are SMEs and Yagba East L.G.A has an estimated figure of 3500 registered SMEs. The study adopted a method used by Yamane (1967) to determine the simple size. According to Yamane (1967) sample size can be estimated using the following formula.

$$n = \frac{N}{1 + N(e)^2} \dots\dots\dots(1)$$

Where n is the sample size, N is the population size and is the level of precision. Assuming e = 0.05 and there are an estimated size of 370 were further stratified into the categories of small and medium scale enterprises with common characteristics. A questionnaire was the main instrument used to collect data information from the respondents. Data collected was analysed using descriptive statistics with the help of SPSS software.

Results and Discussion

Table 1: Characteristics of Sampled Firms

Items	Sub-Level	Frequency	Percentage(%)
Ownership structure	Sole proprietorship	167	49.55
	Partnership	66	19.58
	Limited liability company	104	30.86
	Manufacturing	39	11.57
	Building and construction	38	11.28
	Retailing	39	11.57
	Services	38	11.28
	Motor and spare parts trade	40	11.87
	Wholesale exclusively	36	10.68
Types of business	Both retailing and wholesale inclusively	36	10.68
	Road Transport (Commercial)	34	10.09
	Catering Services	37	10.98
	More than 5 years	88	26.11
Number of years in Business	3 to 5 years	88	26.11
	1 to 3 years	101	29.97
	Less than 1 year	60	17.80
Classification of Firm Using Number of Employees (using Eu classification)	Small (including very small): 1-49 employees	315	93
	Medium: 50-249 employees	22	7

Source: Primary data. Field survey August 2022

Out of a total of 370 SMEs samples and presented with questionnaires only 337 were returned and found useful for the analysis, giving a response rate of 90 percent. The survey captured the characteristics of and found useful for the analysis, giving a response rate of 90 percent. The survey captured the features of firms sampled in terms of ownership structure, type of business, number of years in business and number of employees as shown in table 1. On the ownership structure of the SMEs the results indicated that 50 percent are sole proprietors, 20% are partnership businesses and 30% are limited liability companies. Majority of these business were managed by their owners. This confirms Schmitze's (1995) position that the largest employment category is working proprietors.

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Nine types of businesses were identified using a quota of almost equal proportions per the sample size. They are manufacturing, representing 11.57 percent of valid respondents, building and construction (11.28%); retailing (11.57%); services (11.28%); both sale and retail trade (10.68%); road transport (10.095) and catering (10.98%). The result fairly represent the kind of business majority SMEs are engaged in as suggested by Fischer and Reuber (2000), in terms of activity, they are mostly engaged in retailing, trading or manufacturing.

Likewise, 17.8 percent have existed for less than 1 year; another 29.97 percent have existed for less than 1 year and up to 3 years; 26.11 percent have existed between five years. These result agreed with those Agbozo and Yeboah (2012), which shows that more than 25% of SMEs in Nigeria have existed for more than 3 years.

On the size classifications, the firms were grouped as small: representing 93% of valid respondents employing between 1 – 49 employees and medium (7%) employing between 50 – 249 employees. This is consistent with the criteria of the European Union based on number of employees.

Background and Training of Business Owners/Managing Directors

Under this section, the entrepreneurs and managing directors were grouped/classified based on their age and level of education. Out of 337 valid responses in the Survey representing 49.02% were females (Table 2).

More importantly, as revealed in Table 2, 17.21 percent of the owners (managing directors) do not have any formal education qualifications, 18.10 percent have basic educational qualifications 21.96 percent have Senior Secondary School Certificate qualifications; 16.62 percent have diplomas, 19.88 percent have degrees or higher education, and 6.2 percent have professional qualifications.

Table 2. Background and Training of Business Owner/Managing Director

Items	Sub-Level	Frequency	Percentage (%)
Gender	Male	192	56.97
	Female	145	43.03
Ages	18-30	94	27.89
	31-40	83	24.63
	41-50	60	17.80
	51-60	69	20.47
	61 and above	31	9.20
Educational qualifications	No formal education	58	17.21
	Basic education	61	18.10
	S.S.S.C.E	74	21.96
	Diploma	56	16.62
	University/postgraduate	67	19.88
	Professional qualification	21	6.23

Source; Primary data, Field Survey August, 2022.

The findings further indicate that, of the 337 respondents, 93 were between the ages of 18-30 years, 84 were between the ages of 31-40 years; 60 were between the ages of 41-50 years; 68 were between the ages of 51-60 years; and lastly, 30 were aged 60 years and above. It is important to note that the study was gender sensitive in that respondents of equal sexes were represented. The study was able to capture responses from owners/managing directors of various ages, from those in their youth to the very aged. An important factors used in understanding how business owners and managers take to their decisions is their education qualifications. Most Nigerians believe that to be successful in the understanding the dynamic and challenges posed by entrepreneurship one needs some level of education whether formal or informal. The level of one's education affects the understanding of the importance of implementing good accounting and book keeping practices. It is expected that if a business owner has a reasonable level of education this is likely to influence the adoption of computerized accounting systems. These findings are consistent with results of Amidu (2011).

Accounting Skills of business Owner/MD

The study sought to understand respondent's own rating of their level of accounting skills. From the findings (Table 3) the skills included ability to record business expenses and sales. It turned out that close to 41 percent rated their ability to record business expenses and sales to be fair, excellent and poor respectively. From table 3, 41 percent rated their ability to calculate profits as good; and 31 percent, 13 percent and 12 percent rated their ability to calculate profits to be fair, poor and excellent.

Table 3: Accounting skill of Business Owner/MD

		Poor		Fair		Good		Excellent		Not Sure		Total
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
a	Skill to record business sales and expenses	31	9	123	36	138	41	45	13		0	337
b	Skill to calculate profits	43	13	105	31	147	44	42	12		0	337
c	Skill to prepare roll (Salaries of staff)	47	14	116	34	130	39	41	12	3	1	337
d	The skill to record inventory	48	14	103	31	132	39	49	15	5	1	337
e	The skill to write receipts, cheques and invoices	52	15	102	30	134	40	46	14	3	1	337
f	The skill to calculate tax and file tax returns	58	17	94	28	136	40	47	14	2	1	337
g	The skill to read and interpret bank statement	52	15	92	27	117	35	73	22	3	1	337
h	The skill to ensure safe custody of business document	47	14	95	28	122	36	70	21	3	1	337

Source: Primary Data, Field Survey August, 2022

As revealed in table3, 39 percent rated their ability to prepare salaries of staff as good; and 34 percent, 14 percent, 12 percent and 1 percent rated their ability to prepare salaries of staff to be fair, poor, excellent and not sue respectively. As illustrated in Table 3, 39 percent rated their ability to keep track of inventory as good; and 31 percent, 15 percent and 1 percent rated their ability to keep track of inventory to be fair, excellent, poor and not sure respectively. As shown in Table 3, 40 percent rated their ability to write receipts, cheques and invoices to be fair, poor, excellent and not sure respectively. From Table 3, 40 percent and 1 percent rated their ability to calculate tax and file tax returns as good; and 28 percent, 17 percent, 14 percent and 1 percent rated their ability to calculate tax and file tax returns to be fair, poor, excellent and not sure respectively.

As reveal in Table 3, 35 percent rated their ability to read and interpret bank statements to be fair, excellent, poor and not sure respectively.

In Table 3, 36 percent rated their ability to ensure safe custody of business documents as good; 28 percent, 21 percent, 14 percent and 1 percent rated their ability to ensure safe custody of business documents to be fair, excellent, poor and not sure respectively.

However, the study indicated that, over 74 percent of the entrepreneur operating SMEs in Yagba East LGA had skills in one or several accounting and book keeping task, at the same time, some of the respondents had no or minimal formal education. For those with minimal levels of formal education in accounting or business they undertook such task without consciously knowing what they were keeping tasks. The results obtained indicate that the respondent had a fair chance of appreciating a computerized accounting system. These findings are in contrast to that of Amaoko (2013) whose result on SMEs in Yagba East LGA revealed that close to 50% of entrepreneurs rated their accounting skills below average. This contrast may be due to the fact, the assessment of the respondents; skills employed a series of questions relating to book keeping to assist them with the rating.

Staff Characteristics

Out of the valid respondents firms, 66 percent of the firms have accounting staff; about 30% of the firms do not have accounting staff. Those firms who do not have staff specifically in charge of accounting gave various reasons why they could not keep dedicated staff. The reason included the proprietors own skill to undertake accounting task, the fact that the business is a small beginning, and lastly, outsourcing to a small accounting firm at the end of the year to prepare the books of accounts for tax purposes only. The findings is consistent with that of Amidu, Effiah and Abor (2011) whose results showed that 78 percent of SMEs samples had dedicated staff.

Table 4: Staff Characteristics

Statement/Items	Sub-level	Frequency	Percentage (%)
Are you one of the staff in charge of accounts?	Yes	113	34
	No	30	9
Academic qualifications of those in charge of accounts	Secondary certificate	10	2
	Diploma	50	15
	First degree	20	6
	Chartered Accountants	16	5
Number of accounting staff	1 – 5	20	6
	6 – 10	20	6
	11 – 15	2	1
Academic qualifications of other staff	RSA	12	3
	D.B.S	7	2
	Secondary School Cert	30	8
	PG	7	2

Source: Primary data, Field Survey August, 2022

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Background and Training of Accounting Head

Table 5 demonstrated clearly a breakdown of the educational level of the accounting head. Though, accounting heads with professional accounting qualifications make up 5 percent of valid respondents. Degree holders in accounting make up 6 percent. Accounting heads with diploma make up 15 percent and 2 percent of accounting heads have secondary education. These results reveal that more than 6 percent of accounting heads of the SMEs who kept dedicated accounting staff had higher levels of education and this would likely influence whether they will adopt CAS or not.

Table 5 gives a detailed summary of the accounting staff strength of the firms. Most of the firms sampled (6) percent of valid respondents) have an accounting staff strength of about 1-5. This is followed by about 6-10 (6%) and 11-15 (1%). The result obtained agrees with that of Amidu, Effiah & Abor (2011) whose findings on e-accounting practice. In addition to the number of accounting staff, the education of the staff was analyzed; 7 accounting staff who have degrees make up 5% of the firms, diploma holders 2 percent, 3 percent have RSA those with secondary certificate are 8 percent.

Status of computer and software usage

The studies sought to assess the state of the art of computerized accounting systems used among SMEs in the Yagba East LGA. The results as indicated above in Table 5 suggests that 74 percent of the respondent firms used computers in their operations. The reasons why firms do not use computers in its operations is because it is cumbersome, expensive, risk of data, loss and the fear of a virus infecting the computers. 62% of SMEs contacted who used computers in its operations also indicated that they use CAS.

Most of the SMEs who did not use CAS admitted that they do not use such systems because they believed it was costly, stood the risk of corrupt data, complicated and that they did not have trained staff to handle a computerized accounting system. This implies that the majority of SMEs operating in Yagba East LGA have adopted CAS. The result of this study showed that Excel, Tally, Sage, Pastel and Quick Books are the types of accounting software that SMEs have adopted. The result revealed that 40 percent of the SMEs sampled used an Excel based accounting system; 21 percent preferred the use of sage accounting software and 17 percent, 15 percent, and 6 percent use Tally, Pastel and Quick Books respectively. These results agree with the findings of Amidu, Effiah and Abor (2011), which reveal that the majority of the SMEs (25%) sampled were using Excel based accounting systems. One likely reason why most SMEs in Yagba East LGA adopted an Excel based accounting system is because it is the least expensive and most common spreadsheet application in Nigeria. Excel is also a system which can be easily understood and to meet user needs.

Table 5: Status of Computer and Software Usage

Items	Sub level	Frequency	Percentage
Use of computers in operations	Yes	80	26
	No	28	8
Use of accounting software in operations	Yes	55	16
	No	70	20
Kinds of accounting software	Excel	30	8
	Sage	23	6
	Tally	26	7
	Pastel	14	4
	Quick Books	11	5

Source: Primary data August, 2022

Uses of Computerized Accounting Systems

With regards to the use of accounting software (figure 2) respondents indicated that they used the software for the following: entering of receipt and payment (20%) payroll management (8%), inventory management (6%) ledger entries (10%), bank reconciliation and cash management (4%) and generation of report analysis (10%). Majority of the respondents (representing 42%) indicated that they use their software for all of the above stated uses. These findings suggest that computerized accounting systems are basically no different from manual accounting systems and can be used for all the tasks performed manually.

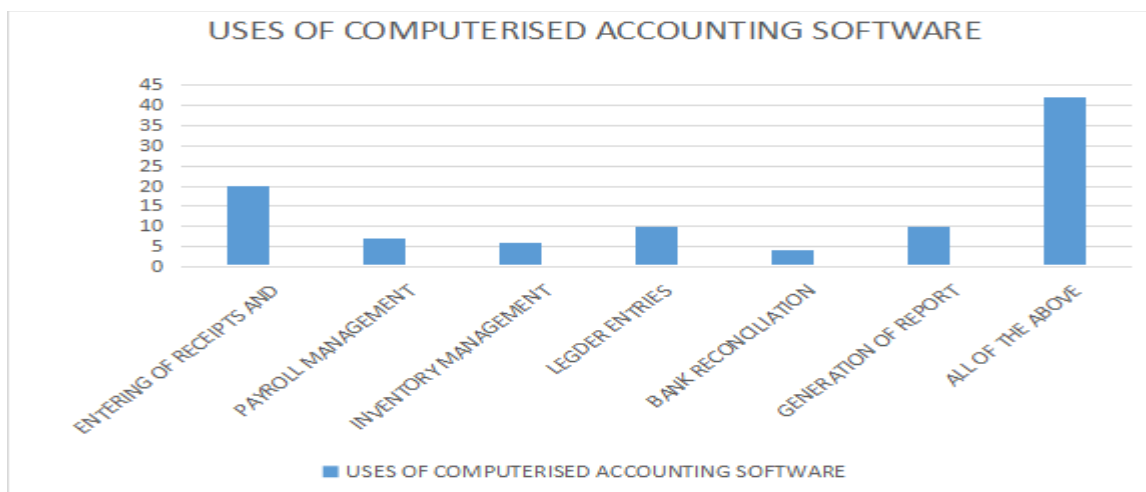


Figure 2: Uses of computerized accounting systems

Challenges with existing computerized systems

The challenges that respondents face from the use of CAS captured in Table 5. The result shows that almost all the SMEs who use CAS representing about 150 respondents contacted indicated that frequent power failure is their biggest problem. A high number of these same SMEs representing 78 respondents had the challenge of computer viruses infecting the system. Another challenge confirmed was that computerization encourages frauds. Sixty-one respondent firms admitted this challenge. This clearly indicates that SMEs stand the risk of losing money from unknown hands therefore regular resetting of password is the way forward to deal with system hackers thus increasing cost of operation which may not be planned for. Lastly, 31 of the respondents confirmed the challenge of wrong input and wrong output. Basically this challenge is the result of not having staff with the required know-how to operate the CAS. These results concur with earlier studies [Amidu, Effah & Abor 2011; Bitwababo 2011; Kisakye 2013] whose respondents experienced similar challenges with the use of computerized accounting systems.

Table 7. Challenges with existing accounting systems

Response	Frequency
Frequent power failure	150
Computer viruses infecting the system	78
Problem of garbage in (wrong input) and garbage out (wrong output)	48
Computer fraud	61

Source: Primary data, Field Survey August, 2022.

Conclusions and recommendations

Based on the results of the study, it can be concluded that computerized accounting systems play an important role in order for SMEs to achieve their objectives such as timely information management, large data storage capacity, reduction of clerical works and enhanced customer satisfaction. Undoubtedly, with the adoption of CAS there are inherent problems and challenges such as frequent power failure; computer virus attack; computer failure; and computer fraud. However, the advantages from the use of a computerized accounting system far outweighs the problems and challenges as it has impacted positively on the performance and productivity of SMEs. Hence, there is need for all SMEs to adopt CAS.

It is recommended that the Government of Nigeria, through the Ministry of Trade & Industry provide the enabling environment to help SMEs computerize their accounting function. Small and medium scale

enterprises in Nigeria need to adhere to good and standard accounting practices in their operations. From that, the adoption of CAS would ensure proper accounting practices, which will result in several benefits for entrepreneurs and SMEs.

Computer software should be updated on a regular basis such that it is up-to-date with technological changes; and data or information should be backed up so that, in case of any breakdown, it can easily be recovered. SMEs who intend to utilize CAS should undertake more detailed cost-benefits analysis so as to identify the benefits that can be derived from using a computerized accounting system. Accounting training institutions should do well to incorporate the study of Computerized Accounting Systems as part of their courses to ensure that accountants are equipped with both accounting knowledge and the required information technology skills. There should be restricted user access to ensure the segregation of duties and to ensure checks and balances.

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