

## Accounting Information Systems Utilization and Effective Management of Small and Medium Scale Enterprises in Obio\Akpok Local Government Area, Rivers State

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### Abstract

*The study examined accounting information system utilization and management of small and medium scale enterprises in Obio\Akpok Local Government Area, Rivers State. Three objective, three research questions and three hypotheses guided the conduct of the study. The study adopted a correlation survey research design. The population of the study consisted of all registered 1200 small-scale business owners in Obio/Akpok Local Government Area in Rivers State. Thirty percent of the population (360) was selected as the sample size using simple random sampling technique. The instrument for obtaining primary data was a questionnaire entitled: "Accounting Information System Utilization and Management of Small-scale Business" (AIUSEMSSB). The instrument was validated and tested for reliability using Cronbach Alpha which yielded reliability coefficient of 0.82. Pearson Product Moment Correlation was used to answer the research questions while *t*-transformation was used to test the significance of the correlation coefficient at 0.05 level of significance. The study found that there is a strong relationship between the utilization of accounting information system and effective management of small and medium scale businesses in Obio/Akpok Local Government Area, Rivers State. The study showed that the relationship between the variables understudied were significant. The linkage was statistically significant. The study recommended among others that owners and managers of small and medium scale enterprises should endeavor to upgrade their accounting facilities and enforce division of responsibilities to enhance their business ventures, also the study recommended that experienced and competent professional Accountant should be invited to teach the employees new innovation in the profession.*

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**Keywords:** Accounting information systems, Utilization, Effective, Management, Small and Medium Scale Enterprises.

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## Introduction

Accounting Information Systems process information and communicate useful information to both external and internal stakeholders/management. Accounting plays a critical role in the success or failure of contemporary business institutions. It is always responsible for recording, analyzing, monitoring, and evaluating the financial condition of companies. Accounting systems are responsible for analyzing and monitoring the financial condition of firms, such as production, marketing, human resource management, and strategic planning. Without such a system, it will be very difficult for small and medium scale enterprise to determine performance, identify customer and supplier account balances, and forecast future performance of the organization. The primary purpose of an Accounting Information System (AIS) is the collection and recording of data and information regarding events that have an economic impact upon organizations and the maintenance, processing, and communication of such information to internal and external stakeholders (Stefanou, 2016, Amidu et al., 2017). In the context of SMEs, accounting information is important as it can help the firms manage their short-term problems in critical areas like costing, expenditure, and cash flow by providing information to support monitoring and control (Mitchell et al., 2019; Son et al., 2018).

Accounting and Financial Information: Ismail (2017) emphasized the widely held belief that better financial information equates to greater control and a greater likelihood of success. Accounting information is information provided by accountants and accounting systems. This information is usually presented in financial statements such as the income statement and the balance sheet. It also includes any financial ratios extracted from these financial statements. Accounting information systems provide a source of information to owners and managers of SMEs operating in any industry for use in the measurement of financial performance. In any sense, profit can be analogously being viewed as the life-blood of a business, and hence the accounting basis, concepts, and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement. Reported profits reflect changes in the wealth of owners, and this can explain why major economic decisions in business are centered on financial performance as measured by profitability (Maseko & Manyani, 2018).

Accounting information systems have an important role for small-scale businesses. The accounting information system here is a computerized information system for processing financial data related to transaction data in an accounting cycle and presenting it in the form of financial reports to company management. The system is a set of elements that come together to achieve certain goals where the system has the same relationship, integration, and goal and has several sub-systems in it. Companies that run a business definitely need an accounting information system to support their business and for proper management. The purpose of an accounting information system is to collect, process, and report information relating to the financial aspects of the company's business activities. Companies that run a business need to design and run their accounting information systems, including subsystems, properly by paying attention to several components of the accounting information system. such as human resources who are able to understand accounting and financial business processes in general, financial and accounting procedures, financial data forms used to record all financial activities, accounting software, and hardware that is supported by internet networks and other equipment. So that it will be able to build a company's business

activities that can run effectively, efficiently, and have a positive impact on the company's business development because it is able to maximize the objectives and benefits of accounting information systems. (Meiryani & Lusianah, 2018).

Accounting includes the identification process, the measurement process, and the reporting process for producing financial reports. Accounting has benefits both for internal parties and for external parties. Internal parties are parties that are directly related to company operations, for example, company leaders. As for external parties, namely parties that are not directly related to the company, for example, company owners, creditors, government agencies, and the community. The government is a user of accounting information that is included by external parties. The government, as an institution that manages state finances, must monitor company performance. This control is mainly related to taxes and the use of labor. Accounting information must be understandable. Therefore, the preparation of the report is adjusted to the understanding and knowledge of its users. Accounting information is said to be credible if it meets the criteria, which are testable, neutral, and presents actual data. Apart from that, the predictive value and feedback also need attention. This means that the data currently owned can be used to predict future conditions. Due to the large number of benefits required for the benefit of various parties, the financial statements must be presented on time. Timeliness is important to avoid delays in decision-making. For the government itself, the accuracy of companies in reporting finances is an assessment of whether their performance is good or bad. A good company will certainly maintain all of its activities by prioritizing quality. The government, as the decision maker of state finances, must use accounting information correctly. because all government policies will affect a country's economic growth. Prosperity can be achieved if the government takes the right policies. The role of the accounting information system for the company, in this case is clearly very important. Because accounting information systems together with other information systems provide information needed by management as a basis for decision making. For parties outside the company, the role of accounting information systems is equally important. As a producer of information in the form of financial reports that are useful as a basis for assessment and analysis of the condition of the company. From these reports, parties outside the company can make the right decisions. The role of information systems is inseparable from the functions it performs. Not only data processing or processing, but accounting information systems also carry out functions ranging from data collection, data processing or processing, data management, data control and security, and of course the function of providing information.

The accounting information system is a structure that is one of the entities that uses hardware to convert financial / accounting transaction data into accounting information with the aim of meeting the information needs of its users. With this it can be concluded that AIS is very important for companies and organizations. AIS has many important roles in a company, such as improving quality and reducing costs in producing goods and services, improving decision making, and creating a competitive advantage. Of the many AIS functions, there are 3 main functions established by SIA in companies, besides being used for decision making, they also consist of collecting and storing transaction data, processing data into information that can be, and controlling company assets. There are 2 accounting information produced by SIA, namely Financial Accounting Information in the form of financial report sand Management Accounting

Information which is used for decision making by companies. The SIA scope tracks a large amount of information regarding sales orders, sales in units and currency, cash collectors, purchase orders, receipt of goods, payments, salaries and hours worked.

Management is the process of Planning, Organizing, leading and controlling the work of any organization members and using all organizational resources to reach stated organizational goals or the process coordinating and integrating work activities so that they are completed efficiently and effectively with and through other people this process represents the ongoing functions or primary activities engaged in by managers. Organization always seem incomplete without the mention of efficiency and effectiveness, hence the need to clarify both concepts (Gabriel, 2017).

Income statement is simply the revenues and expenditures made by business firm over a period of time. It shows clear details of transactions, revenue, expenses, profit and loss, net income reported within a specific time. Income statement also summarizes the revenue and expenses of a business entity for a specific period either monthly or yearly (Ikpesu 2020). The investors and creditors evaluate the past financial performance, predict the future performance and determine the firm capability to generate cash flows and as well report changes in shareholders' equity with the use of income statement. For proper comparing and evaluating of the current and historical income statement in order to ascertain the company's ability to derive revenue growth, control expenses, produce profits and generally for effective management of business, income statement is highly needed for proper utilization. (Helfert, 2011)

### **Statement of Financial Position for Effective Management of small scale Business**

Statement of financial position is also known as Balance sheet in financial Accounting. Balance sheet summarizes the financial balances and shows the financial position of a firm. The three major components of balance sheet namely assets, liability and equity of a firm shows the financial position. Statement of financial position provides money deposit banks and investment banks to ascertain the company's liquidity, the amount of cash and assets easily convertible to cash. The current assets are the organization's working capital and they render short – term benefits. ( Ikpesu 2020).

### **Cash Flow Statement for Effective Management of Small Scale Business**

Cash flow statement is crucial determinant of manager's investment decision. It is a statement that provides detailed information showing how cash flow in and out of the company. Cash flow statement is the cash earned by operating, investing and financing activities. It is therefore the total net increase or decrease in cash of the business venture. Cash flow statement provides entrepreneurs, managers, investors and creditors' information to firm's ability to generate future cash flow, meet debt obligations and other non-cash of investment and financial transactions Ikpesu (2020). Cash flow statement flows when use in addition to other financial accounts provides information to owners and other users pointing out the changes in the net assets of equity. The financial structure includes both liquidity or solvency and how it affects the amounts and timing of cash in order to adapt to changing circumstances and opportunities. Thus, cash flows provide comparative information of reported performance of various enterprises (Albright & Ingram, 2017).

### **Concept of Small Scale Enterprises**

The emergence of Small Scale Businesses (SSBs) or enterprises is tantamount to the emergence of entrepreneurs. Small business owners are regarded as entrepreneurs. Small businesses are used to foster entrepreneurship. This would make the nation to be self-reliant, economically viable and socially balanced, and there will be jobs for so many people. They are identified as instruments for improving standard of living in a country. For a developing country like Nigeria

to reduce the alarming rate of poverty, Nigerians irrespective of their status, educational attainment, religion, gender etc, must embrace entrepreneurship i.e. owning a business. SSBs account for more than 50% of the total share of employment, sales and value added (Udechukwu, 2019).

The development of SSBs by the government is a move in the direction to increase economic growth. Ekpeyong and Nyong (2018) suggested that SSBs are organic part of a viable structure for sustainable economic development in less developed countries like Nigeria. They have the tendency to produce greater benefits for the economy than large enterprises because they have higher multiplier effects. Ojo (2019) put forth one of the solutions to the problems of development in Nigeria is the promotion of entrepreneurial development scheme. A veritable way to do this is government promotion of small scale businesses. Entrepreneurship has been identified as vital for the continued vitality of the modern market for more businesses to emerge; hence, competition and economic growth are improved (Klapper & Love, 2017).

Efforts have been taken by the Nigerian government for the development of small scale businesses over the years. The realization of the Millennium Development Goals (MDGs) and the vision of the Nigerian Government to be rated among the top 20 economies in the world is considerably determined by how government has recognized SSBs as drivers of economic growth and key strategy for poverty alleviation. However, the over-reliance on natural resources especially crude oil as the mainstay of the economy is capable of making the attainment of their desires an illusion. Government, through its actions may be a hindrance or promoter of small scale businesses; thus, this study seeks to assess the role of government in promoting small scale businesses in Nigeria, taking the experience of small scale business owners operating in Port Harcourt Metropolis in Rivers State.

In Nigeria two sectors (the public and private) have been imbued with the responsibility of managing the economic resources of the nation. The organization of the public sector is well defined because it is a government oriented enterprise. The private sector on the other hand; cannot be easily identified because it encompasses diverse organizational and individual activities judging from how its component parts operate, that is definition of the small scale industries or business varies from one country to country, from one institutional setting to another and to suit the different socioeconomic and political consideration.

Aluko (2017) defined small scale enterprise as one whose total assets in capital requirement plan and working capital are less than N500,000.00 and employing fewer than 50 full-time workers. It includes factory or non-factory establishments and it may be a household, a cottage, or a craft. Some sources tend to identify small scale business in relating them to cottage industries. The

United Nation Industrial Development (UNIDO, 2009) described small scale enterprises as: Any small manufacturing concern in which a relatively small amount of capital is invested whether it uses factory methods of production or not. The United States small scale administration defines small business as:

- i. Any wholesale organization with annual receipts of five to fifteen million dollar (depending on the industry).
- ii. Any retail or establishment with annual receipt from one to five million dollars (depending on the industry).
- iii. Any construction business with annual receipt of one to five million dollars (depending on the industry).
- iv. Any manufacturing plant employment less than 1,500 men and women (depending on the industry).

The Industrial Research Unit of University of Ife (2018) defines small scale enterprises as “One which total assets in capital equipment plant and working capital are less than N50, 000 and employing fewer than 50 full-time workers. It includes a factory and non-factory establishments. It may be a household, a cottage, a craft or a factory industry. The third National Development Plan (1975–1980), small scale industries were defined as manufacturing establishments employing less than 10 people or where investment in machinery and equipment does not exceed N600,000.00.

The Nigerian Government small scale industries scheme (2019) defines small scale industry as: “Any manufacturing processing or service industry with a capital investment not exceeding N150, 000.00 in machinery and equipment. From the definition so far made, the concept of small scale enterprises can be seen to vary from country and from institution to another but in spite of these variations, it is important to understand what boundaries an enterprise can be deemed a small scale one. Therefore, it will be convenient to sum up that any industry in Nigeria with:

- i. Capital investment not exceeding at most N200, 000.
- ii. Machinery and equipment not exceeding N600, 000.
- iii. Any workforce not exceeding 50 people.

Any industry operating under such a guideline can be deemed a small scale enterprise, but more recently the Central Bank of Nigeria (CBN, 2011) has further defined a small scale enterprise as one with an annual capital not exceeding N500, 000. As a result of these variant definitions, Yewande (2018) stated that “it is clearly evident that there is no universally acceptable definition of small scale enterprise”. Rather he concluded that it is an enterprise employing 20 or more employees with total capital investment (excluding land) of not less than N50, 000 but not exceeding N2 million. There is still no generally accepted definition for small scale business. Small scale business is a type of business which individual(s) owns and manages the enterprise. It comes in form of sole proprietorship and in some cases partnership i.e. owned by two or more individuals. According to Mawoli and Aliyu (2018), small-scale enterprises refer to all profit-making undertakings that are small in size, have small number of employees, capital employed, number of customers and sales turnover. Small scale business is an autonomously operated enterprise, not dominant in its area of business and meets certain criteria in terms of number of employment and annual receipts (Nickel, Mchugh & Mchugh, 2017). Small scale business is a commercial entity

with a labor force of 11-100 workers or a total cost not exceeding N 50 million, with the inclusion of working capital and exemption of cost of land. The Committee for Economic Development Standard identifies a business as small if the management is independent, capital is supplied and ownership is held by an individual or small group of people, the horizon of operation is mainly local, and considered small when compared to the biggest unit in its field of operation.

### **Characteristics of Small Scale Enterprises**

The definition of small scale industries given so far, only help to spotlight small scale enterprises from the capital and employee structure view point but there are other characteristics attributes along in line which small scale enterprise can better be seen. Znokemefa (2018) listed some characteristics, which are always associated with small scale firms are:

- i. Ownership and management are usually vested in the same person.
- ii. The firms usually have a small scale of the market (or alternatively) a significant share of a highly specialized low volume market and in general is not in position to influence the size of the market.
- iii. The Chief Executive General participates actively in most levels of the decision making process and in the day-to-day operation of the firm usually with adequate specialist, support at management level.

Chinbundu (2012) noted that small-scale enterprises as potential catalysts of economic growth that have peculiar, characteristics and these are:

- i. Impersonal contact between the entrepreneur and his workers, customers and suppliers.
- ii. Relatively little or no specialization in modern management techniques.
- iii. Lack of bargaining strength in the purchase of raw materials or sale of finished product.
- iv. The large number of establishment and their labor intensive modes of operation guarantees employment for lager number of persons.
- v. More equitable redistribution of income usually achieved in this sub-sector.

### **Statement of the Problem**

Small scale enterprises pay less attention to sound accounting information systems in their day to day operations on the premise that they owe no-one their financial statement as it is their entity and they manage and run the business as it pleases them. Mukaila and Adeyemi (2021)

Small and medium Scale enterprises in Nigeria normally use external accountants as a source of professional advisory services in order to prepare their financial deals, but sometimes owners and managers do not keep proper records, neither do they understand the data and figure from the report and also not aware or convinced of the usefulness of accounting and financial reporting requirements for control and decision making purposes (Marriott& Marriot, 2020). Small and medium scale enterprises in Nigeria inadequacy and ineffectiveness of sound accounting information practices, while some of the surviving entities engaged the services of practicing accountants to prepare their accounts and others learning from the knowledge of their owners,

The question is; could it be that the small and medium scale business owners in Obio\Akpor local government area are not properly practicing the accounting information systems for effective management of small scale business?

## **Purpose of the Study**

The purpose of the study was to investigate the Accounting Information System utilization and Management of Small and Medium Scale Enterprises in Obio/Akpor Local Government Area, Rivers State. In specific terms, the study sought to:

1. Ascertain the relationship between income statement utilization and management of small and medium scale enterprises in Obio/Akpor Local Government Area, Rivers State.
2. Examine the relationship between statement of financial position utilization and effective management of small-scale business in Obio/Akpor Local Government Area, Rivers State.
3. Investigate the relationship between cash flow statement utilization and effective management of small-scale business in Obio/Akpor Local Government Area, Rivers State.

## **Research Questions**

The following research questions guided the study

1. What is the relationship between income statement utilization and management of small and medium scale enterprises in Obio/Akpor Local Government Area, Rivers State?
2. What is the relationship between statement of financial position utilization and effective management of small-scale business in Obio/Akpor Local Government Area, Rivers State?
3. What is the relationship between cash flow statement utilization and effective management of small-scale business in Obio/Akpor Local Government Area, Rivers state.

## **Hypotheses**

The following null hypotheses were tested at 0.05 level of significance.

1. There is no significant relationship between Income Statement utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State
2. There is no significant relationship between statement of financial position utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State
3. There is no significant relationship between cash flow statement utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State

## **Methodology**

The study adopted a correlation survey research design. The study was carried out in Obio /Akpor local government area Rivers State. The population of the study consisted of 1200 small-scale business owners in Obio/Akpor local government area in Rivers State (Mba, 2014). Thirty percent of the population (360) was selected as the sample size using simple random sampling technique. The instrument for obtaining primary data was a questionnaire entitled: "Accounting Information System Utilization and Management of Small-scale Business" (AIUSEMSSB). The questionnaire was designed in a four-point rating scale in four response options such as: Strongly Agree (SD), Agree (A), Disagree (D) and Strongly Disagree (SD). The questionnaire was partitioned into two sections, section A elicited information on utilization of accounting information systems (income



statement utilization, financial position utilization, cash flow statement utilization). Section B elicited information on effective management of small and medium scale business. To determine the content and face validity of the questionnaire, the instrument was submitted to one expert in Measurement and Evaluation and two other lectures in Department of Business Education, Rivers State University. In order to ascertain the reliability of the instrument Cronbach Alpha method was employed. Copies of the instrument was given 20 business owners in Obio-Akpor who were not part of study sample. Cronbach alpha formula was used to analyze their responses and reliability coefficient of 0.82 was obtained. Pearson Product moment correlation was used to answer the research questions while the r-value was transformed using t-transformation formula to test the significance of the correlation coefficient at 0.05 level of significance. If the t-crit value is less than the t-cal, the null hypothesis was accepted otherwise rejected. The decision of the correlation was as follows.

## Result

**Research Question 1:** What is the relationship between income statement utilization and management of small and medium scale enterprises in Obio/Akpor Local Government Area, Rivers State?

**Table 1 Correlation analysis between income statement utilization and effective management of small and medium scale enterprises**

Variables	N	$\Sigma X$ $\Sigma Y$	$\Sigma X^2$ $\Sigma Y^2$	$\Sigma xy$	R	Remarks
ISU (X)	360	1355.15	3389.38	4012.06	0.83	Strong positive relationship
MSME(Y)	360	1644.31	4876.93			

### Field Survey data, 2023.

Table 1 revealed the Pearson Product Moment Correlation Coefficient between income statement utilization and management of Small and medium scale enterprises. The correlation analysis showed that the r-value was 0.83. This showed that the relationship existing between the two variables income statement utilization and effective management of Small and medium scale enterprises is strong.

**Research Question 2:** What is the relationship between statement of financial position utilization and effective management of small-scale business in Obio/Akpor Local Government Area, Rivers State?

**Table 2: Correlation analysis between statement of financial position utilization and effective management of SME**

Variables	N	$\Sigma X$ $\Sigma Y$	$\Sigma X^2$ $\Sigma Y^2$	$\Sigma xy$	R	Remarks
ISU (X)	360	1355.15	3389.38	4012.06	0.91	strong positive relationship
MSME(Y)	360	1644.31	4876.93			

**Field Survey data, 2023.**

Table 2 revealed the Pearson Product Moment Correlation Coefficient between statement of financial position utilization and effective management of small and medium scale enterprises. The correlation analysis showed that the r-value was 0.91. The result of the correlation analysis showed that utilization of financial position as an accounting system has a strong link with management of small and medium scale enterprises. Result implied that the relationship existing between the two variables statement of financial position utilization and management of small and medium scale enterprises is strong.

Research Question 3: What is the relationship between cash flow statement utilization and effective management of small-scale business in Obio/Akpor Local Government Area, Rivers State?

**Table 3: Correlation analysis between cash flow statement utilization and effective management of small and medium scale**

Variables	N	$\Sigma X$ $\Sigma Y$	$\Sigma X^2$ $\Sigma Y^2$	$\Sigma xy$	R	Remarks
ISU (X)	360	1355.15	3389.38	4012.06	0.79	strong positive relationship
MSME(Y)	360	1644.31	4876.93			

**Field Survey data, 2023.**

Table 3 revealed the Pearson Product Moment Correlation Coefficient between cash flow utilization and management of Small and medium scale enterprises. The correlation analysis showed that the r-value was 0.79. This showed that the relationship existing between the two variables cash flow utilization and management of small and medium scale enterprises is strong.

## Hypotheses

There is no significant relationship between Income Statement utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State.

**Table 4: Test of significance in the relationship between income statement utilization and effective management of SMEs**

Variable	N	R	t- calc.	t- crit.	Level of significance	Decision
X	360	0.83	10.110	1.960	0.05	Reject Ho
Y	360					

### Research Data Output, 2023

Table 4 shows the test of significance of correlation between Income Statement utilization and effective management of small-scale businesses in Obio/Akpor Local Government Area, Rivers State. From table 4 the r value was 0.83 and transformed to t-cal value of 10.110 at 0.05 level of significance the t-critical value was 1.96. Since the t-cal value is greater than the t-crit (t-cal 10.110) > t-crit (1.96), the hypothesis was therefore rejected. This implies than the correlation coefficient was not due to chance or error. There is a significant relationship between Income Statement utilization and effective management of small-scale businesses Obio/Akpor Local Government Area, Rivers State.

There is no significant relationship between statement of financial position utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State.

**Table 5: Test of significance in the relationship between financial position statement utilization and effective management of SMEs**

Variable	N	R	t- calc.	t- crit.	Level of significance	Decision
X	360	0.91	18.067	1.960	0.05	Reject Ho
Y	360					

### Research Data Output, 2023

Table 5 shows the test of significance of correlation between statement of financial position utilization and effective management of SMEs. From table 4 the r value was 0.91 and transformed to t-cal value of 18.067 at 0.05 level of significance the t-critical value was 1.96. Since the t-cal value is greater than the t-crit (t-cal 18.067) > t-crit (1.96), the hypothesis was therefore rejected. This implies than the correlation coefficient was not due to chance or error. There is a significant relationship between statement of financial position utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State

There is no significant relationship between cash flow statement utilization and effective management of small scale businesses in Obio/Akpor Local Government Area, Rivers State.

**Table 5: Test of significance in the relationship between cash flow statement utilization and effective management of SMEs**

Variable	N	R	t- calc.	t- crit.	Level of significance	Decision
(X)	360	0.79	16.044	1.960	0.05	Reject Ho
(Y)	360					

**Research Data Output, 2022**

Table 5 shows the test of significance of correlation between cash flow statement utilization and effective management of small and medium scale business. From table 4 the r value was 0.79 and transformed to t-cal value of 16.044 at 0.05 level of significance the t-critical value was 1.96. Since the t-cal value is greater than the t-crit (t-cal 16.044) > t-crit (1.96), the hypothesis was therefore rejected. This implies that the correlation coefficient was not due to chance or error. There is a significant relationship between cash flow statement utilization and management of SMEs businesses in Obio/Akpor Local Government Area, Rivers State.

**Summary of Findings**

**From the answers to research questions and tests of hypotheses, the following findings were drawn.**

- i. The correlation coefficient of 0.83 shows that there exists a strong positive relationship between Income statement and effective management of small and medium scale enterprises
- ii. The correlation coefficient of 0.91 shows that there exists a strong positive relationship between statement of financial effective management of small and medium scale enterprises.
- iii. The correlation coefficient of 0.79 shows that there exists a moderate positive relationship between cash flow and effective management of small and medium scale enterprises.
- iv. That there is a significant positive relationship between Income statement and effective management of small and medium scale enterprises in Obio/Akpor
- v. That there is a significant positive relationship between statement of financial position and effective management of small and medium scale enterprises in Obio/Akpor
- vi. That there is a significant positive relationship between cash flow and effective management of small and medium scale enterprises in Obio/Akpor

**Discussion of Findings**

From table 1 findings of the study revealed the Pearson Product Moment Correlation Coefficient between income statement utilization and management of Small and medium scale enterprises. The finding showed that the relationship existing between the two variables (income statement utilization and management of SME) is strong positive relationship. The finding is in line with

Siyanbola, Maduemem, Ogbebor and Sanyaolu (2019), who found in their study that accounting information system having a significant positive effect on SMEs performance, accounting information systems employed by the managers/owners of SMEs were found to have contributed positively to their decisions and performances. Findings of the present study implies that the utilization of income statement leads to effective management of small and medium scale business in Obio/Akpor Local Government Area, Rivers State. The finding is also supported by Ikpezu (2020), who stated that utilizing income statement which summarize the revenue and expenses of a business entity for a specific period either monthly or yearly could help to monitor the performance of business year in-out.

Secondly, the finding of the study revealed that the relationship between statement of financial position utilization and effective management of small and medium scale enterprises is strong and positive. The correlation coefficient obtained was 0.91. Also, the result of the hypothesis revealed that relationship existing between the two variables (statement of financial position utilization and management of SME) is significant. The findings of the study are in line with Albright and Ingram (2017) who noted that cash flows provide comparative information of reported performance of various enterprises, thus helping to improve the management of small and medium scale businesses.

Lastly, the finding of the study revealed that the relationship between cash flow statement utilization and effective management of small and medium scale business enterprises is strong and positive. This conclusion was reached because the correlation coefficient obtained was 0.78. Also, the result of the hypothesis revealed that relationship existing between the two variables (cash flow statement and management of SME) is significant. The findings of the study are in line with Siyanbola et al., (2019), who found in their study that accounting information system such as cash flow statement have a significant positive effect on SMEs performance.

### **Conclusions**

Based on the findings of the study, the study concluded that there is a strong relationship between the utilization of accounting information system and effective management of small and medium scale businesses in Obio/Akpor Local Government Area, Rivers State. The study showed that the relationship between the two variables understudy were not due to chances or error. The linkage was statistically significant.

### **Recommendations**

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

- a. Owners and managers of SMEs should endeavor to upgrade their accounting facilities and enforce division of responsibilities to enhance their business ventures.
- b. To better appreciate the value of accounting information, managers should from time to time engage personnel in developmental programmes.
- c. Experienced and competent Professional Accountant should be invited to teach the employees new innovation skills in the profession.

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