

Exploring the Effect of Financial Record Keeping on Financial Performance of Tertiary Institutions in Yobe state

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ABSTRACT: Good financial recordkeeping provides institutions of higher learning to plan properly and also check for misappropriations of resources. This research is a study on financial record keeping as an integral part of proper management of tertiary institutions environment in Yobe State. The study was carried out in four institution i.e Mai Idris Aloomo Polytechnic, Geidam, Yobe State University, Damaturu, College of Administrative and Business Studies, Potiskum and College of Education, Gashua with the aim of determining the effects of financial record keeping on financial performance of Tertiary Institutions. A total number of 20 respondents was obtained from the four (4) Institutions. In every institution, three Principal Officers were interviewed and data collected was analysed using descriptive and correlational analyses by SPSS version 25.0. Likert scale with five categories from strongly agree to strongly disagree was equally used in a designed questionnaire to sought for answers. The findings of the study found out that financial record keeping contributed greatly to financial performance. Using the Likert analysis to evaluate financial record keeping and financial performance, it was found that more variables were discovered to be having mean values of 3.5 and above.

Keywords: Financial Records, Records Keeping, Financial Performance, Tertiary Institutions, Exploring

I. INTRODUCTION

Tertiary Educational Institutions are Institutions of higher learning where knowledge is imparted to its seekers and researches are undertaken in various fields of human Endeavour by students and the faculty members. The main objective of both public and private Tertiary Educational Institutions is to provide educational services and counselling to the general public at the right time. Anyafo (2000), opines that the primary objective of Tertiary Educational Institutions is to

provide educational services to desirous members of the public.

It is important to appreciate and note that, the fact that for Tertiary Educational Institutions (private or public) to achieve its desired objectives effectively, the management of such tertiary institution must establish an effective Financial Records Management System. Which in turn would be able to furnish the management of the institutions with necessary analyses, appraisals, and recommendations for a better decision making. To ensure effective financial records management system in tertiary educational institutions, there has to be accountability in their cash flow. And for the organizations to have a successful accountability, a well-designed records management system must be put in place.

Globally, the most successful companies use financial records as a basis for performance (Bowen, Schoppe, & Vassa, 2009). Regionally, studies indicate that in most African countries, record keeping has been embraced as a driving factor for firms' financial performance. A case in point is that of Okoli (2011) who links proper record keeping to profitability of small scale enterprises in Nigeria and argues that the lack of proper record keeping makes it impossible for owners of small business to do critical assessment of their performance, and he thus calls for the maintenance of proper record keeping in enhancing their profitability and performance. In a similar assessment conducted by Mairura (2011), the level of education, type of business ownership, number of employees, and age of business were drivers of record keeping in Nairobi, Kenya. However, Mairura (2011) failed to empirically establish the correlation between book keeping and business performance. On the other hand, using a more formal approach, Akande (2011) examined, accounting skill as a performance factor for small business in Nigeria by invoking chi-square test statistic. Results from the above study show that possession of proper accounting skills by business

owners significantly improves business performance.

Internal Control System means all the policies and procedures adopted by a management of an establishment, institution or organization to assist in achieving management objectives of ensuring, the orderly and efficient conduct of its business. This include, adherence to management policies, safeguard of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information (Mahmud and Karma-Sahayak, 2007; Adejola, 2009;). In view of the above it is clear that management of tertiary institution should ensure that financial records are properly kept and manage for better performance.

II. PROBLEM STATEMENT/JUSTIFICATION

Records are very vital instrument in every given society, organization or institution of higher learning especially in reference, decision making, research among others. Information contained in records and records management are the pillars of business activities. In the absence of information, management will be incapacitated in its decision making processes.

Tertiary institutions are faced with a lot of challenges due to its peculiar nature. Most of these challenges occur due to financial anomalies in the institution as a result of dictation from the political class. The incompetent employees working in accounting department and other sensitive units may jeopardize the system of account and its operations.

Records of tertiary institutions equally suffers from arbitrary or random destruction, unprotected from disaster, heaps of file without proper management. There also exists lack of proper records management policy which cover it from creation through their use and to final disposition.

It is therefore, the intent of this study to investigate whether financial records of Tertiary Institutions in Yobe State are properly manage for better accountability, efficiency, ensuring resources are matched to objectives of the organization and economic stability.

Objectives of the Study

1. To examine the filling, retention and disposal method used to enhance effective management of financial records on financial performance in tertiary institutions in Yobe state.

2. To identify the relationship between records keeping and financial performance
3. To explore the financial records Management and its Usage at tertiary institutions in Yobe State.

III. LITERATURE REVIEW

Financial record keeping has become the foundation on which modern businesses thrive for growth and sustainability (Ademola, Olukotun, Samuel, & Ifedolapou, 2012). Businesses are highly dependent on financial records kept in the books of accounts indicating different transactions such as sales, purchases, income, and payments by an individual or organizations (Dawuda & Azeko, 2015). Several groups keep records if they are to perform coherently, efficiently, effectively and ensure profitability (Ozotambgo, 2015; Trivedi & Shilpa, 2010).

Good financial records, can greatly improve many of the management decisions a business owner and or manager takes, including decisions about marketing, personnel, borrowing, pricing, inventory, and product development (Muchira, 2012). Such financial records include; income statement, statement of financial position (balance sheet), the statement of Cash flows, and the financial internal control system records that check the accuracy of company transactions (Ssekajugo et al., 2013).

It is widely believed that record keeping has a significant impact on financial performance of a given business. For instance, Onaolapo (2014) asserts that record keeping gives substantial information about the financial strength and current performance of an enterprise and therefore managers find those records useful in making decisions. Maseko and Manyani (2011) and Amoako (2013) both agree that financial record keeping and financial transparency are inseparable. Complementarily, Muchira (2012) emphasizes that good record keeping will make any business partner or investor more aware of what is going on in their businesses and it will save them money.

A study by Lesirma (2014) indicated a positive relationship between record keeping and financial performance of Savings and Credit Cooperatives (SACCOs) in Nairobi County. Research by Chelimo and Sophia (2014) revealed that about 60% of small businesses fail within the first three years due to management inefficiencies brought about by poor record keeping. This is in line with Ademola et al. (2012) whose study agrees that poor records can lead to financial inefficiency of small and medium enterprises hence leading to poor organizational performance. Indicators of

poor financial record keeping were given by Onaolapo et al. (2014) whose study found out that poor financial recordkeeping manifests through lack of knowledge, low level of education, inadequate trainings and limited resources. Despite having all the above studies, there is limited research on the effect of financial record keeping on financial performance of tertiary institution in Nigeria and Yobe State in Particular. Therefore, this study will explore the Effect of Financial Record Keeping on Financial Performance of Tertiary Institutions in Yobe State-Nigeria.

IV. METHODOLOGY

The study was carried out in four different locations in Yobe State namely: Damaturu, Gashua, Geidam and Potiskum, out of Eight Tertiary institution in the state four was purposively selected to serve as the study area. This study used a cross sectional study design with mixed methods for both qualitative and quantitative data.

To obtain qualitative data, the researchers employed face-to-face interview. While to obtain quantitative data, survey questionnaires was employed. The Questions were designed with close-ended in order to ensure precision, effective analysis, consistency, the easiness of comparison, avoid bias and save time.

The study population comprised of principal officers of the tertiary Institutions in Yobe State and with a Sample Size of three respondents from the four tertiary institution selected using non-random (purposive) sampling method. The participant interviewed include the head of the institution, Registrar and Bursars of the selected institutions. In the event of absence of any of the three core members mentioned, their representative with a knowledge of the financial records were interviewed.

Data was collected from primary sources and data collection involved use of questionnaires and interview. The questionnaire covered the respondent's descriptive statistics on institution, age, sex, educational level, position held in the institution, methods of keeping the financial

records, accessibility of the records, knowledge on financial records and books of accounts, indebtedness, and the importance of record on the governance of the institution. The questionnaires also use to determine the respondents' understanding of the value of financial record keeping to the performance of Tertiary Institution through an investigation on financial records management, financial control records kept by the institution, and the financial performance of the institution.

Qualitatively, the research will employ interview method. This will use to obtain information and knowledge about relationship between financial recordkeeping and financial performance, knowledge of books of accounts such as cash book, journals, ledgers; knowledge about financial records like income statement, balance sheet, Store Receipt Voucher (SRV) among others. Similarly, an inquiry about the challenges faced in the area of financial record keeping and the importance of financial records to the institutions were investigated during interview.

The independent variable of the study is financial record keeping which was determined by; type of books of account kept, knowledge of and attitudes towards financial record keeping, and financial records management. The dependent variable is financial performance which was also determined by increase in revenue generation. These variables were measured using the Likert scale (Likert, 1982) with five options: 5. Strongly Agree, 4. Agree, 3. Neutral, 2. Disagree and 1. Strongly Disagree. Validity and reliability was ensured by pre-testing the instruments on the sample to establish the reliability of coefficients. Data collected was analyse using SPSS (Version 26) for analysis.

V. FINDINGS AND DISCUSSION

Result

Twenty respondents were interviewed from the four institutions. Table 1 below shows respondents by age bracket, sex and education level.

Table 1. Distribution of respondents by age, sex and education

Age Bracket	No of Respondents	Sex	No of Respondents	Highest Qualification	No of Respondents
18 – 25	9	Male	42	ND	6
26 – 30	12	Female	18	NCE	4
31 – 40	24			HND	9
41 – above	15			B. Sc.	17
				PGD	12
				M. Sc.	10
				Ph. D.	2

From the above table 1, depicts the result showing the distribution of respondents by their age, sex and educational level (highest qualification).

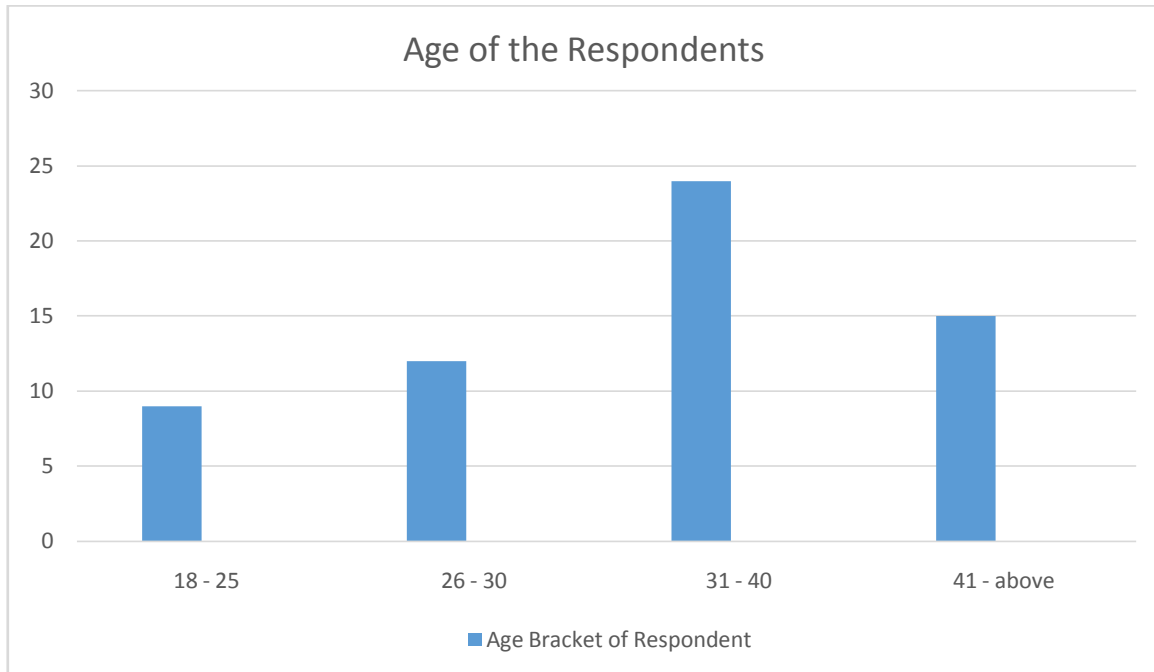


Figure 1. Distribution of respondents by age

Figure 1 above indicates the distribution of age brackets and the corresponding number of respondents. The majority 24 of the respondents are between the age bracket 31 – 40, followed by 15 with age bracket 41 – above. Second to the last

category with frequency 12 of the respondent are between the age bracket 26 – 30, while the least 9 of the respondent is between the age bracket 18 – 25.

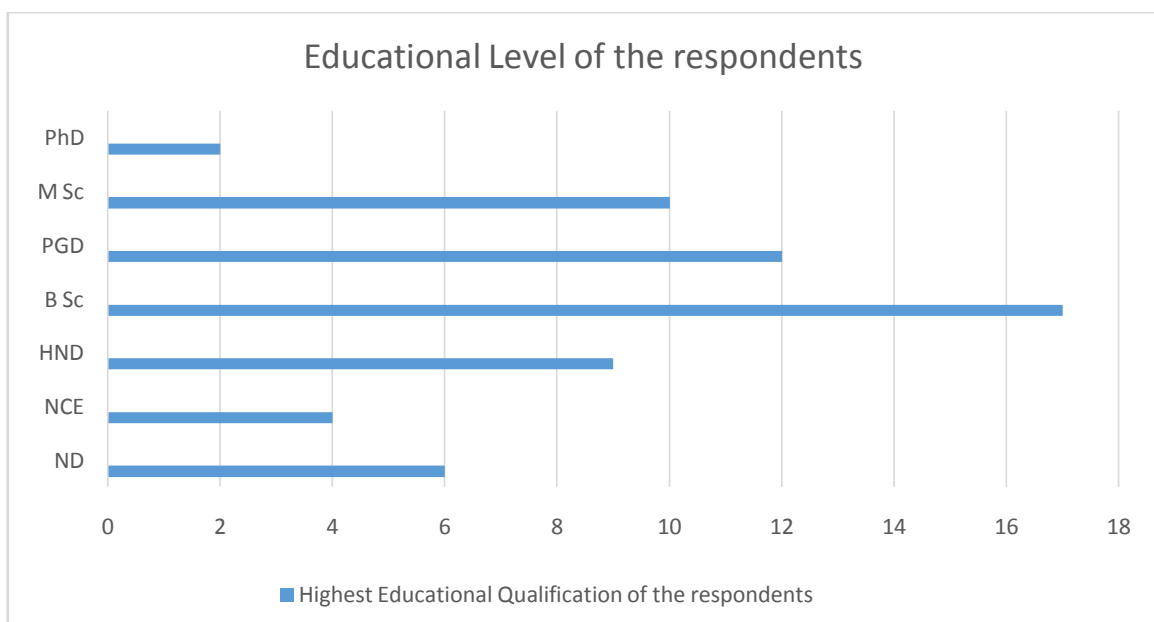


Figure 2. Distribution of Educational qualification of the respondents

The findings revealed that majority of the respondents 17 have B Sc. Degree as their highest qualification; 12 out of the total number of the respondents have Postgraduate Diploma as their highest qualification; the study also revealed that 10 respondents have Masters degree as highest qualification; followed by 9 respondents with highest qualification being HND; the least among the distribution of the respondent by their highest qualification is 2 with PhD.

It can be observed and deduce that since majority of the respondent have B Sc. and above as their highest qualification the management of the financial records at the tertiary institutions will be achieved at greater point.

Objective 1: Filing, retention & disposal method used for effective management of financial records (Financial Records Management Practices)

The first objective of interest in the conduct of this research was the method employed in filing, retention and disposal of records used for effective management of financial records. The research revealed that majority of the respondents 45 received and maintained records as evidence of transaction through filing system and easily identify location of records. They equally indicated that they use proper method of disposing records by sending them to archives while on non-active stage. While, 10 number of the respondents indicated that, they regularly register and classified records using manual/paper system with difficult access to records even though they are at active stage. Very few 5 number of the respondents indicated that they remained undecided on the question raised to them.

Data collected also revealed that majority of the respondents 43 indicated that they regularly maintained an auditing trail. While some of the respondents 45 shows that they ensured regular access and retrieval of records. Followed by 7 respondents who rarely or never provided access to and retrieval of records.

Objective 2: Relationship between records keeping and financial performance

Findings on the relationship between financial record keeping and performance of the staff of the study area were determined and the mean value was the basis for decision making. Respondents' level of agreement on whether staff of the account section keep records of financial transaction (3.73). On whether transactions of payments to contractors are made on time (3.68), financial records helped in monitoring activities

(4.45). Majority of the respondents recorded a high level of agreement that the financial records help in monitoring their activities (4.45).

Objective 3: Financial Records Management and its usage

Another point of interest in this research is the financial record management and its' usage. The mean values were based on the ability to interpret results on record keeping and financial performance. A mean value of 3.5 and above obtained meant that the respondents were in strong agreement with the variable mentioned likewise mean below 3.5 means that majority are in disagreement with the variable. The results show that the majority of respondents were in agreement that the institutions had a skilled person(s) who kept and maintained proper accounting records (3.75). The head of the institutions and the representative of the head of the financial department encouraged financial record keepers to keep financial records (3.84), followed by (4.10) who indicated that there is no conflicting or overlap in responsibilities of the staff that handles financial records.

VI. CONCLUSION AND RECOMMENDATION

The findings of the study found out that financial record keeping contributed greatly to financial performance. Using the Likert analysis to evaluate financial record keeping and financial performance, it was found that more variables were discovered to be having mean values of 3.5 and above, this shows that they agreed with the statements; for example, there is no conflicting or overlap in responsibilities of the staff that handles financial records (mean= 4.10). Majority of the respondents recorded a high level of agreement that the financial records help in monitoring their activities (4.45). It was also found that the majority of the respondents received and maintained records as evidence of transaction through filing system and easily identify location of records. They equally indicated that they use proper method of disposing records by sending them to archives while on non-active stage.

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