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Financial Record-Keeping and the Survival of Small and Medium Enterprises in Southwest Nigeria: A Secondary Evidence Assessment

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Abstract **Original Research Article**

Small and medium-sized enterprises (SMEs) contribute to employment, income generation and entrepreneurship in Nigeria, yet their continuity is challenged by financing constraints, rising operating costs and market uncertainty. This paper assesses the relationship between financial record-keeping and SME survival in Southwest Nigeria using secondary evidence from published empirical studies and documented enterprise datasets. Record-keeping is examined through cash records, sales records, expenditure records and financial-statement preparation; survival is considered through liquidity, financial viability, business continuity and resilience. The analysis draws on the World Bank's Business Practices in Small Firms dataset, Nigeria General Household Survey–Panel Wave 5, the Nigeria Enterprise Survey 2025, and Nigerian empirical studies. Historical business-practice data indicate widespread reporting of written records, transaction recording, cash monitoring and expense budgeting in the sampled enterprises. The Southwest GHS-Panel extract contains 581 non-farm enterprise records, of which 574 were coded as currently operating and seven as temporarily closed. These indicators provide descriptive context but do not establish that record-keeping caused survival because the datasets do not directly match all record-keeping measures to survival outcomes for the same firms. The paper concludes that systematic financial records are a potentially valuable management capability and recommends improved longitudinal enterprise data that jointly measure bookkeeping practices and survival outcomes.

Keywords: Business continuity, financial record-keeping, Liquidity, Small and medium enterprises, SME survival.

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1.1 Introduction

Small and medium-sized enterprises (SMEs) contribute significantly to economic development through employment generation, entrepreneurship, household income and local commercial activities. In Nigeria, SMEs operate across manufacturing, trading, agriculture and service-related sectors, providing livelihoods and supporting economic activity within urban, peri-urban and rural communities. National surveys conducted by the National Bureau of Statistics (NBS) and the Small and Medium

Enterprises Development Agency of Nigeria (SMEDAN) provide important information on the characteristics, distribution and performance of micro, small and medium-sized enterprises in the country (NBS & SMEDAN, 2018). Despite their economic importance, however, many enterprises operate under financial and managerial constraints that may threaten their continuity. These challenges make effective financial management an important consideration in understanding SME survival.

One aspect of financial management that deserves particular attention is financial record-keeping. This refers to the systematic documentation, classification and preservation of business transactions, including cash receipts and payments, sales, purchases, credit transactions and operating expenses. Maintaining accurate and up-to-date records enables business owners to monitor cash availability, track revenue and expenditure, prepare budgets, assess business performance and make informed decisions. Evidence from small firms in developing countries suggests that basic business practices, including record-keeping and financial planning, are relevant to enterprise management and outcomes (McKenzie & Woodruff, 2017). Similarly, Nigerian studies have examined the relationship between record-keeping practices and the performance or growth of small businesses in different locations (Aladejebi & Oladimeji, 2019; Olajide & Obialo, 2020).

The relevance of financial record-keeping to business survival can be understood through its contribution to financial control and decision-making. For example, records of daily sales, purchases and expenses can help proprietors identify cash shortages, monitor changes in operating costs, evaluate sales trends and determine whether available funds are sufficient to meet immediate obligations. Proper documentation may also help business owners distinguish business funds from personal expenditure, manage credit transactions and plan for seasonal variations in demand. Where records are incomplete or unreliable, owners may depend excessively on memory, underestimate expenses, misjudge profitability or commit funds needed for stock replenishment and other essential operations. These potential benefits and risks are particularly relevant to small enterprises, where ownership and management responsibilities are often concentrated in the proprietor and access to professional accounting services may be limited (McKenzie & Woodruff, 2017; Aladejebi & Oladimeji, 2019).

Financial record-keeping may also improve the quality of information available to external stakeholders, including lenders, investors, suppliers and regulatory authorities. Reliable documentation can help an enterprise explain its financial position, support applications for credit and demonstrate the nature of its business transactions. Nevertheless, the existence of records does not automatically guarantee survival. Enterprises may continue to face poor market demand, inflation, high borrowing costs, unreliable electricity, insecurity, supply-chain disruptions and managerial weaknesses. The significance of record-keeping should therefore be assessed as part of a broader set of organisational capabilities and operating conditions rather than as an isolated determinant of business continuity. This perspective is consistent with the Resource-Based View, which recognises the importance of internal resources and capabilities in supporting organisational performance and competitive advantage (Barney, 1991). Related empirical studies have considered record-keeping in relation to business growth, performance and sustainability, although these outcomes are not identical to survival (Olukotun et al., 2012; Olajide & Obialo, 2020; Aderinto, 2025).

Despite growing attention to SME financial management, the available Nigerian evidence remains dispersed across states, sectors and enterprise populations. Some studies focus on business performance or profitability, while others examine sales growth, sustainability or succession. Differences in research design, sample characteristics, measurement approaches and geographical coverage also make direct comparisons difficult. Evidence obtained from a particular local government area, state or sector cannot automatically be generalised to all SMEs in Southwest Nigeria. More importantly, an association between record-keeping and

improved business performance does not necessarily demonstrate that record-keeping directly determines whether an enterprise survives. This creates a need to consolidate the available evidence while distinguishing findings directly related to record-keeping from those concerning related business outcomes (Aladejebi & Oladimeji, 2019; Olajide & Obialo, 2020; Aderinto, 2025).

The use of secondary data provides an opportunity to examine this issue using existing survey information and published empirical studies. However, the available datasets require careful interpretation because they measure different aspects of enterprise activity. Indicators such as keeping written records, documenting transactions, monitoring cash and preparing expense budgets provide evidence of bookkeeping and financial-management practices. By contrast, preparing financial statements and having those statements externally audited or certified are distinct activities. An indicator of external checking or certification should therefore not be interpreted as a direct measure of financial-statement preparation. Similarly, evidence that an enterprise was operating at the time of a survey does not, on its own, establish that its record-keeping practices caused or contributed to its survival over time (McKenzie & Woodruff, 2016; NBS, 2024; World Bank Enterprise Surveys, 2025).

Against this background, the present article examines financial record-keeping and SME survival in Southwest Nigeria, covering Lagos, Ogun, Oyo, Osun, Ondo and Ekiti States. It brings together relevant conceptual arguments, the Resource-Based View, published empirical studies and descriptive evidence from available secondary sources. The discussion considers the ways in which record-keeping may support financial control, planning and business continuity while acknowledging that survival is also influenced by external economic conditions and other managerial factors. The article further identifies limitations in the existing evidence and highlights areas requiring additional research. By distinguishing observed practices from inferred relationships, the study provides a more cautious and evidence-based assessment of the relevance of financial record-keeping to SME survival in the region.

1.2 Aim and Objectives

The aim is to assess the relationship between financial record-keeping and SME survival in Southwest Nigeria. The specific objectives are to:

1. assess the relationship between cash record-keeping and SME liquidity;
2. determine the relationship between sales record-keeping and SME financial viability;
3. evaluate the relationship between expenditure record-keeping and business continuity; and
4. examine the relevance of external financial-statement assurance to SME business resilience.

1.3 Significance of the Study

The article offers SME owners and managers a practical explanation of how accurate, timely records of cash, sales and expenditure can improve cash monitoring, cost control, budgeting and day-to-day decisions. It emphasises that records are useful when owners review and apply them, rather than merely maintain them. (McKenzie & Woodruff, 2017; Aladejebi & Oladimeji, 2019).

For SMEDAN, accounting practitioners and other enterprise-support institutions, the findings support practical, affordable bookkeeping training focused on daily transaction recording, cash reconciliation, separation of personal and business transactions, expense review and simple budgeting. Financial institutions may also find reliable records useful when assessing business activity, although records alone do not guarantee access to credit. (NBS & SMEDAN, 2018; Aladejebi & Oladimeji, 2019).

For researchers and statistical agencies, the article identifies the need for consistent enterprise data that measure record-keeping practices alongside subsequent liquidity, continuity and survival outcomes. This can help guide more rigorous future research and better-

targeted SME support. (NBS, 2024; McKenzie & Woodruff, 2016).

2. Literature Review

2.1 Conceptual Review

Financial record-keeping is treated as a multidimensional organisational practice comprising the documentation and retention of financial transactions. SME survival refers to an enterprise's continued existence and operation, alongside its capacity to maintain financial viability. The concepts are related but should not be treated as interchangeable: profitability in a single period does not necessarily mean that an enterprise will continue operating, and a business may remain open while experiencing liquidity or financial-stability problems. (Barney, 1991; McKenzie & Woodruff, 2017).

2.1.1 Small and Medium Enterprises

The term SME does not have one universally accepted definition because institutions may use employee numbers, turnover, asset value or capital employed. In Nigeria, the NBS–SMEDAN national survey provides an important empirical basis for understanding the sector. For this paper, SME is used broadly to refer to small and medium-sized business enterprises operating for commercial purposes, while recognising that secondary datasets may apply different official definitions (NBS & SMEDAN, 2018).

2.1.2 Financial Record-Keeping

Financial record-keeping involves the identification, measurement, recording, classification and retention of transactions affecting the financial affairs of an enterprise. At a basic level, an SME may maintain a cashbook, sales book, purchase book and expense record; more developed systems may process transactions into ledgers and financial statements. Financial records enable owners to compare actual results with expectations, identify unusual expenses, monitor receivables and payables, establish margins and plan future cash requirements. They also create an audit trail that can improve accountability. (Aladejebi & Oladimeji, 2019; Mintah et al., 2022).

2.1.3 Dimensions of Financial Record-Keeping

Cash record-keeping involves documenting cash received and cash paid and reconciling transactions with available balances. Reliable cash records help owners determine whether the business can meet obligations and monitor liquidity. Sales records provide evidence of revenue-generating activities and can be used to identify sales patterns, monitor customer balances and assess revenue performance. Without sales records, owners may find it difficult to distinguish sales volume from profitability. (Olajide & Obialo, 2020; Abiola et al., 2021).

Expenditure records document resources consumed in running the enterprise, including purchases, wages, rent, transport, utilities and repairs. Proper classification helps owners identify cost trends and control unnecessary expenditure, particularly during periods of inflation or declining demand. Financial-statement preparation and maintenance consolidate financial information and can support planning, accountability, communication with external stakeholders and responses to changing business conditions. (Olajide & Obialo, 2020; McKenzie & Woodruff, 2017).

2.1.4 SME Survival

Business survival refers to the continued existence and operation of an enterprise. It is distinct from short-term profitability because a firm may record a profit in one period but still fail to continue operating because of liquidity problems, excessive costs, debt or operational shocks. The Nigeria General Household Survey–Panel (GHS-Panel) provides operating-status and financial variables that can contribute to survival research, although its non-farm enterprise file does not directly measure the full range of bookkeeping practices considered in this paper (NBS, 2024).

For this paper, SME survival is examined

through four related proxies: liquidity/financial stability, financial viability, business continuity and business resilience. Liquidity reflects the capacity to meet immediate obligations; financial viability reflects the capacity to sustain financial operations; business continuity reflects continued operation; and resilience reflects the capacity to withstand and adapt to challenges. (NBS, 2024; McKenzie & Woodruff, 2017).

2.2 Theoretical Framework: Resource-Based View

2.2.1 Origin and Core Assumptions of the Resource-Based View

The Resource-Based View (RBV) explains differences in firm performance through the resources and capabilities that organisations control and deploy. Barney (1991) argues that resources may support sustained competitive advantage when they are valuable, rare, difficult to imitate and lack strategically equivalent substitutes. Resources include financial and physical assets, human skills, information, knowledge and organisational routines; capabilities concern how a firm coordinates and uses these resources.

For SMEs, financial record-keeping can be understood as a low-cost organisational capability. A cashbook, sales ledger or spreadsheet is not valuable merely because it exists. Its usefulness depends on whether entries are accurate, complete and timely, and whether owners review and apply the information. Consistent routines can help an owner identify cash shortages, assess customer credit, compare actual expenditure with a budget, monitor sales patterns and decide when to restock, reduce costs or seek finance. (Barney, 1991; McKenzie & Woodruff, 2017).

The four dimensions in this article fit this framework in complementary ways. Cash records clarify funds available and payments due; sales records reveal revenue patterns and customer balances; expenditure records make cost trends visible; and financial statements consolidate information about financial position and performance. When used together, these practices may improve resource allocation and the quality of decisions, thereby supporting liquidity, viability, continuity and responses to disruption. (Barney, 1991; Mintah et al., 2022).

The relationship is not automatic or deterministic. A business with reliable records may still fail because of weak demand, inflation, infrastructure problems, competition or a severe external shock. The benefits of records may also depend on owner education, financial literacy, access to professional advice and the resources available to maintain them. In addition, more successful firms may be better able to invest in record-keeping, so the relationship can operate in both directions. (McKenzie & Woodruff, 2017; Aderinto, 2025).

Accordingly, the RBV is the article's sole theoretical lens. The proposed pathway is that transaction records generate usable financial information; information supports monitoring and decisions; and better decisions may strengthen cash management, cost control, financial viability and resilience. This theoretical pathway organises the analysis but is not treated as proven by the current datasets, which do not match all record-keeping measures with survival outcomes for the same enterprises. (Barney, 1991; McKenzie & Woodruff, 2017).

2.3 Empirical Review

The empirical review is organised around the four research objectives so that each body of evidence is assessed against the particular record-keeping practice and survival-related outcome under consideration. Studies from Southwest Nigeria receive priority where available; evidence from other locations is treated as comparative rather than as a direct estimate for the six states. (Aladejebi & Oladimeji, 2019; Olajide & Obialo, 2020; Aderinto, 2025).

2.3.1 Cash Record-Keeping and SME Liquidity

Abiola, Oluwatuyi, Mustapha, and Funmilayo (2021) examined liquidity-management practices among SMEs in Lagos State using questionnaire data from a calculated sample of

367 enterprises and descriptive analysis. They reported that 97% of respondents used cash budgets, while 77% operated bank accounts; the study also identified practices relating to current assets and debt collection. The findings provide geographically relevant evidence that cash planning and monitoring are established components of SME liquidity management in Lagos. However, the study measured a range of liquidity practices rather than testing whether the quality of cashbook records predicts liquidity outcomes. Its descriptive design also limits causal interpretation.

The broader study by McKenzie and Woodruff (2017) examined business practices, including record-keeping and financial planning, across small firms in several developing countries. Their panel evidence from three countries indicated that stronger overall business practices predicted higher survival rates and faster sales growth. This supports the proposition that systematic cash records may be useful as part of a wider management capability. Nevertheless, the composite practice measure does not isolate cash records, and the cross-country results cannot be assumed to represent the specific relationship among SMEs in Southwest Nigeria.

Olajide and Obialo (2020), studying 120 small-scale business owners in Abeokuta South, Ogun State, reported that financial record-keeping was often manual and that income and expenditure records were associated with profitability, while debtor and creditor records supported operational efficiency. These findings provide local context for the value of transaction records, including cash-related documentation. Yet the study focused on growth and operating outcomes rather than a direct liquidity measure. Overall, the evidence supports the managerial relevance of cash documentation but leaves a clear measurement gap: the available regional studies do not directly link the completeness and timeliness of cash records with the same firms' ability to meet short-term obligations.

2.3.2 Sales Record-Keeping and SME Financial Viability

Olajide and Obialo (2020) provide the most directly relevant Southwest evidence for this objective. Their Abeokuta South study reported that stock records were associated with sales growth and that income and expenditure records were related to profitability. Stock records are not identical to sales records, but they can help firms reconcile goods available, sales made and remaining inventory. The findings therefore suggest a practical connection between recording commercial transactions and monitoring revenue-generating activity. Because the analysis relied on a local questionnaire survey and descriptive statistics, however, it does not establish whether sales-record quality independently predicts longer-term financial viability.

Aderinto (2025) surveyed 278 SME respondents across Nigeria's geopolitical zones and used frequency distributions, chi-square and simple linear regression. The study reported that accounting record-keeping was maintained to a significant extent and was positively associated with business performance ($\beta = 1.138$, $p < .001$). This national evidence is consistent with the argument that financial records can help owners assess results and make informed decisions. However, the outcome was general business performance rather than financial viability measured through a consistent set of indicators, and the self-reported cross-sectional data cannot establish the direction of the relationship.

Aladejebi and Oladimeji (2019) analysed 197 valid responses from 200 questionnaires distributed to SME owners or managers in Lagos Metropolis. Their study found that respondents generally recognised the value of accounting information for performance assessment and decision-making, while formal accounting and financial-statement preparation remained difficult for some enterprises. Although the study is not confined to sales records, it is relevant because dependable sales information is one input into financial reports and decisions about pricing, stock replenishment and revenue trends. The study's performance focus and questionnaire-based design mean that it offers supporting rather than conclusive evidence on financial viability.

Taken together, these studies suggest that documenting sales-related activity and maintaining linked stock and income records can

assist SMEs in understanding revenue patterns and financial performance. Yet financial viability is broader than sales growth: it also depends on margins, costs, cash conversion, debt obligations and the ability to continue financing operations. Existing studies seldom measure these dimensions together with the quality of sales records, leaving the specific relationship in Southwest Nigeria insufficiently tested. (Olajide & Obialo, 2020; Aderinto, 2025; Mintah et al., 2022).

2.3.3 Expenditure Record-Keeping and Business Continuity

Olajide and Obialo (2020) reported a positive relationship between income and expenditure records and the profitability of small-scale enterprises in Abeokuta South. This is relevant to business continuity because classified expenditure records can help owners identify rising costs, distinguish recurring from discretionary expenses and compare actual spending with available income. The study's Southwest location strengthens its contextual relevance. However, profitability was not equivalent to continued operation, and the cross-sectional descriptive approach does not establish whether expenditure records help firms remain open during periods of financial stress.

Umar (2018), in a survey of 144 small-scale businesses across Kaduna State, concluded that record-keeping and marketing strategies were relevant to effective business operations. The study noted that inadequate records can make it difficult for owners to determine profit or loss and may heighten the risk of early business failure. Similarly, Olukotun, James, and Olore (2012) examined record-keeping in relation to the survival and growth of small-scale enterprises in Ijumu Local Government Area, Kogi State. These studies are relevant because they connect record practices to operational control and survival-related concerns. Their geographic coverage, age and survey-based evidence limit their ability to establish the specific effect of expenditure records on continuity among present-day Southwest SMEs.

Nwanmuoh et al. (2025) examined record-keeping, sustainability and succession among family-owned micro and small enterprises, using 768 respondents and logit regression. They reported a significant relationship between proper record-keeping and business sustainability and succession. Expenditure documentation may contribute to continuity by making recurring obligations, supplier payments, payroll and operating costs visible, while records can also preserve organisational knowledge beyond the owner. Nonetheless, the study's focus on family-owned enterprises and its geographic context limit direct generalisation to all SMEs in Southwest Nigeria. Sustainability and succession are also related to, but not identical with, observed business continuity.

The evidence therefore points to expenditure records as a potentially useful mechanism for cost control and operational planning, but direct evidence remains limited. Future studies should distinguish the existence of expense records from their accuracy, frequency of review and use in decisions, and then connect these measures to whether firms continue operating over time. (Olajide & Obialo, 2020; Nwanmuoh et al., 2025; McKenzie & Woodruff, 2017).

2.3.4 External Financial-Statement Assurance and Its Relevance to SME Business Resilience

Aladejebi and Oladimeji (2019) found that some Lagos SMEs recognised the usefulness of accounting information but faced difficulties with formal accounting and financial-statement preparation. This finding provides contextual evidence on the importance and challenges of producing reliable financial information; it does not measure external assurance. External financial-statement assurance, by contrast, involves an independent auditor's examination or certification of financial statements. Such assurance may strengthen confidence in financial information and accountability to lenders and other stakeholders. However, the study by Aladejebi and Oladimeji did not test whether externally assured statements improve an enterprise's ability to withstand or recover from disruption.

Aderinto (2025) found a positive association between accounting record-keeping and reported

SME business performance in a national sample. The result supports the relevance of organised accounting information, but it does not isolate external financial-statement assurance or measure the capacity to absorb and recover from shocks. Okoli and Mgbudom (2025), using a descriptive survey of 320 SME owners in Imo State, reported a high stated adoption of financial record-keeping practices, although adoption ratings did not differ significantly by years of business existence. This evidence concerns reported practice adoption, not external assurance or resilience itself.

The cross-country evidence reported by McKenzie and Woodruff (2017) suggests that stronger bundles of management practices predict survival and sales growth. In the Resource-Based View adopted by this article, reliable financial information and appropriate external assurance may support accountability and informed resource allocation. Nevertheless, business resilience requires evidence of how firms withstand, adapt to or recover from disruption. The studies reviewed here do not consistently measure external financial-statement assurance and subsequent resilience for the same enterprises. Consequently, the relationship remains theoretically plausible but is not conclusively established by the available evidence.

2.3.5 Synthesis of Empirical Review

The empirical studies reviewed generally indicate that financial record-keeping supports SME financial management, decision-making, growth and sustainability. However, many studies focus on profitability and business performance rather than survival directly. Differences in research methods, geographical coverage and outcome measures also limit the generalisation of their findings (McKenzie & Woodruff, 2017; Aladejebi & Oladimeji, 2019; Olajide & Obialo, 2020).

2.4 Research Gap

Despite existing research on financial record-keeping and SME performance, evidence specifically addressing SME survival across Lagos, Ogun, Oyo, Osun, Ondo and Ekiti States remains fragmented. This study addresses the gap by synthesising published empirical studies and available secondary data to examine financial record-keeping practices and their relevance to SME survival in Southwest Nigeria (NBS, 2024; McKenzie & Woodruff, 2016).

3. Methodology

3.1 Research Design

The paper adopts a structured secondary-evidence design. It combines a review of published empirical studies with a documentary analysis of official enterprise datasets. Descriptive statistics and thematic comparison are used to organise findings around the four research objectives. No primary questionnaire data are collected for this paper. (McKenzie & Woodruff, 2016; NBS, 2024; World Bank Enterprise Surveys, 2025).

3.2 Sources of Data

Three principal datasets are considered. First, the World Bank's Business Practices in Small Firms in Developing Countries dataset, covering 2008–2014, provides indicators of written records, recording sales and purchases, cash monitoring and expenditure budgeting (McKenzie & Woodruff, 2016). Second, the Nigeria Enterprise Survey 2025 provides establishment-level information, including an item on external checking or certification of annual financial statements. Third, the Nigeria General Household Survey–Panel Wave 5 (2023–2024), produced by the NBS in collaboration with the World Bank, provides non-farm enterprise data on operating status, sales, and costs and profits (NBS, 2024). NBS and SMEDAN publications and relevant published empirical studies supplement these sources.

3.3 Data Selection and Analysis

The analysis followed a documentary procedure. Variables were interpreted according to their documented definitions; findings from different datasets were analysed separately; and descriptive statistics were reported with

reference to their source and measurement period. Published studies were compared thematically against the four objectives, taking account of their research settings, methods and reported outcomes. Figures from separate datasets were not pooled, because the datasets cover different periods, populations and measures. (McKenzie & Woodruff, 2016; NBS, 2024; World Bank Enterprise Surveys, 2025).

For the published literature, the review prioritised studies that explicitly examined financial record-keeping, accounting records, business records management or closely related financial-management practices and linked them to enterprise performance, growth, survival, sustainability or succession. Studies from Southwest Nigeria were given priority for geographic relevance; studies from other Nigerian states and developing countries were retained where they provided direct empirical evidence or useful comparison. Studies addressing adjacent topics, such as financial inclusion, were used only as contextual evidence and were not presented as direct tests of bookkeeping. (McKenzie & Woodruff, 2017; Mintah et al., 2022; Nwanmuoh et al., 2025).

The analysis proceeded in three stages. First, each source was classified by location, population, design, record-keeping measure and reported outcome. Second, findings were grouped under the four objectives: cash records and liquidity; sales records and financial viability; expenditure records and continuity; and external financial-statement assurance and its relevance to resilience. Third, limitations were assessed, particularly whether the study measured the stated outcome directly, whether the data were cross-sectional or longitudinal, and whether the findings could be generalised to Southwest Nigeria. This procedure reduces the risk of treating different outcomes as interchangeable. (McKenzie & Woodruff, 2016; NBS, 2024).

The descriptive enterprise figures are reported as indicators of the relevant samples, not as estimates for every SME in the Southwest. The historical World Bank business-practices sample and the newer GHS-Panel extract differ in survey period, population and instrument; the historical business-practices percentages should therefore not be interpreted as current prevalence estimates for all Southwest Nigerian SMEs. The Enterprise Survey external-audit item measures external assurance and has a narrower meaning than financial-statement preparation or business resilience. Accordingly, no pooled estimate, regression coefficient or causal effect is calculated from the three datasets. The empirical interpretation is based on triangulation of complementary evidence, with the limitations of each source stated alongside the findings. (McKenzie & Woodruff, 2016; NBS, 2024; World Bank Enterprise Surveys, 2025).

3.4 Operationalisation and Evidence Boundaries

Cash record-keeping is represented by indicators concerning written records and using records to know cash on hand; sales record-keeping is represented by indicators concerning recording purchases and sales and monitoring sales; expenditure record-keeping is represented by the existence of a written monthly expense budget; and the fourth objective is examined using the available indicator on external checking or certification of annual financial statements. This last indicator measures external assurance; it does not measure financial-statement preparation or business resilience directly. (McKenzie & Woodruff, 2016; World Bank Enterprise Surveys, 2025).

The available sources do not measure every record-keeping practice and survival outcome for the same enterprise. The GHS-Panel provides operating status and financial indicators but does not directly capture the full range of bookkeeping practices examined here. The Enterprise Survey item on external checking or certification measures external assurance, but it does not directly measure whether assurance improves business resilience. Findings are therefore descriptive and associational; causal conclusions are not warranted. (NBS, 2024; World Bank Enterprise Surveys, 2025).

Table 1: Alignment of research objectives with available secondary evidence

Research objective	Available evidence	Interpretive boundary
Cash record-keeping and SME liquidity	Historical business-practice indicator on using records to know cash on hand; no directly matched Southwest liquidity outcome.	Describe the practice and its potential relevance; do not claim a regional firm-level effect.
Sales record-keeping and SME financial viability	Historical indicators on recording purchases and sales and monitoring sales; local studies report sales or performance associations.	Synthesize evidence; no direct regional firm-level estimate of financial viability.
Expenditure record-keeping and business continuity	Historical indicator on written monthly expense budgets; GHS-Panel operating status comes from a separate dataset.	Do not merge separate datasets as if they describe the same firms; no direct matched test.
External financial-statement assurance and SME business resilience	Enterprise Survey item on external checking or certification of annual financial statements; no directly matched resilience outcome.	Treat external assurance as the measured indicator; do not equate it with statement preparation or claim a directly tested resilience effect.

4. Discussion of Findings

4.1 Descriptive Evidence on Record-Keeping Practices

In the historical business-practices sample, 97.8% of valid respondents reported keeping written business records (n = 3,628); 87.2% reported recording every purchase and sale (n = 3,629); 86.9% reported using records to know cash on hand (n = 3,629); 85.2% reported using records to monitor whether product sales increased (n = 3,629); and 86.3% reported having a written monthly expense budget (n = 3,629). In addition, 64.0% reported reviewing financial performance monthly, 87.6% reported having a sales target for the next year, and 58.0% reported comparing monthly sales with a target (McKenzie & Woodruff, 2016).

These figures illustrate the use of basic record-keeping and financial-planning practices among respondents in the historical sample. They should not be treated as current prevalence estimates for all SMEs in Southwest Nigeria. The indicators provide context for the objective-level discussion of cash, sales and expenditure records, but do not by themselves show that these practices caused survival. (McKenzie & Woodruff, 2016; NBS, 2024).

4.2 Operating Status in the Southwest GHS-Panel Extract

The extracted GHS-Panel Wave 5 non-farm enterprise file contained 581 records across the six Southwest states (NBS, 2024). Of these, 574 were coded as currently operating and seven as temporarily closed; none was coded as permanently closed or seasonally closed in this extract. The state distribution is shown in Table 2. Across the extract, median sales during the last month of operation were approximately ₦100,000 and median profit approximately ₦30,000. These figures describe the extracted records and do not establish the effect of record-keeping on operating status.

Table 2: Operating status of non-farm enterprises in the six Southwest states

State	Raw records	Currently operating	Temporarily closed
Lagos	155	155	0
Ogun	111	110	1
Oyo	97	95	2
Osun	73	72	1
Ondo	48	47	1
Ekiti	97	95	2
Total	**581**	**574**	**7**

The extracted GHS-Panel Wave 5 non-farm enterprise file contained 581 records across the six Southwest states (NBS, 2024). Of these, 574 (approximately 98.8%) were coded as currently operating and seven as temporarily closed; none was coded as permanently closed or seasonally closed in this extract. The state distribution is shown in Table 2. Across the extract, median sales during the last month of operation were approximately ₦100,000 and median profit approximately ₦30,000. These figures describe the extracted records only; they are not a survival rate for all SMEs in Southwest Nigeria and do not establish the effect of record-keeping on operating status.

4.3 Findings by Research Objective

4.3.1 Cash Record-Keeping and SME Liquidity

In the historical business-practices sample, 86.9% of valid respondents reported using records to know cash on hand. This practice can improve visibility over funds available for day-to-day obligations and assist decisions about the timing of payments. Studies from Abeokuta South and Lagos also discuss the practical value of record-keeping for business management and performance (Aladejebi & Oladimeji, 2019; Olajide & Obialo, 2020). However, the available secondary sources do not link cash-record practices to a direct liquidity measure for the same Southwest enterprises. The objective is therefore supported conceptually and by indirect evidence, but a regional firm-level effect remains untested.

4.3.2 Sales Record-Keeping and Financial Viability

In the historical sample, 87.2% of valid respondents reported recording every purchase and sale, while 85.2% reported using records to monitor sales trends. Research from Abeokuta South also reports an association between stock records and sales growth (Olajide & Obialo, 2020). Sales records can help owners track revenue and identify changes in demand, but financial viability also depends on margins, cost levels, collections and obligations. The available evidence supports the managerial relevance of sales records but does not directly estimate their relationship with financial viability across Southwest Nigeria.

4.3.3 Expenditure Record-Keeping and Business Continuity

A written monthly expense budget was reported by 86.3% of valid respondents in the historical business-practices sample. Local research from Abeokuta South links income and expenditure records with profitability (Olajide & Obialo, 2020). Recording and reviewing expenses may support budgeting and cost control, which are relevant when businesses face inflation or uncertain demand. The GHS-Panel provides regional operating-status information, but the available data do not directly match expenditure-record practices to the same enterprises'

continuity outcomes. The relationship remains plausible but not conclusively tested by this analysis.

4.3.4 External Financial-Statement Assurance and Its Relevance to Business Resilience

The Nigeria Enterprise Survey 2025 includes an item on whether annual financial statements were checked or certified by an external auditor. In the preliminary Southwest-coded extract, 135 of 342 establishments with a definite yes-or-no response reported external checking or certification (39.5%; World Bank Enterprise Surveys, 2025). This indicator measures external financial-statement assurance, not the preparation of financial statements. External assurance may strengthen confidence in reported financial information and support accountability to lenders and other stakeholders. However, resilience refers to an enterprise's capacity to absorb, adapt to and recover from disruption. Since the available sources do not match external-assurance status with subsequent resilience outcomes for the same enterprises, the relevance of assurance to resilience is discussed conceptually rather than demonstrated empirically.

5. Conclusion and Recommendations

This paper assessed financial record-keeping and SME survival in Southwest Nigeria using secondary datasets and published empirical studies. The evidence indicates that basic practices, including written records, transaction recording, cash monitoring and expense budgeting, were reported in the historical business-practices sample. The GHS-Panel extract provides a snapshot of non-farm enterprise operating status in the six Southwest states, while the Nigeria Enterprise Survey provides a limited indicator of external financial-statement checking or certification. Together with Nigerian studies, these sources establish the relevance of record-keeping to SME management, but they do not provide a conclusive causal estimate of its effect on survival. The available evidence also does not directly establish whether external financial-statement assurance improves business resilience. (McKenzie & Woodruff, 2016; NBS, 2024; Aladejebi & Oladimeji, 2019).

5.1 Recommendations

1. **Improved financial record-keeping practices.** SME owners should maintain accurate and timely records of cash receipts and payments, sales, purchases and operating expenses, and review them regularly.
2. **Separation of personal and business transactions.** Where practicable, owners should separate personal and business transactions and use records to prepare simple cash-flow forecasts and budgets.
3. **Bookkeeping training for SMEs.** SMEDAN and related enterprise-support institutions should incorporate practical bookkeeping and financial-information training into SME development programmes.
4. **Affordable accounting and digital support.** Accounting practitioners should consider affordable bookkeeping and reporting support, including appropriate digital tools for micro and small firms.
5. **Improved enterprise-survey measures.** NBS and SMEDAN should consider including standardised questions on cashbooks, sales and purchase records, expenditure records, financial-statement preparation and whether prepared statements are independently audited or certified. Future surveys should also measure subsequent business continuity and resilience outcomes for the same enterprises.

5.2 Suggestions for Further Studies

Future studies should investigate the relationship between financial record-keeping and SME survival across different enterprise sizes, sectors and geographical locations in Nigeria. Researchers should also examine the role of digital bookkeeping systems in improving financial management, business continuity and long-term sustainability. Furthermore, subsequent studies could investigate whether

access to finance serves as a mechanism through which reliable financial records contribute to SME survival. Longitudinal research linking specific record-keeping practices with the subsequent survival or closure of individual enterprises would provide stronger evidence of the nature and direction of this relationship.

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