ACCESS TO FINANCE AND PERFORMANCE OF SMES IN KANO: MODERATING ROLE OF RECORD KEEPING

Kolawole, Ayo Wilson
Department of Business Management, Federal University, Dutsin-Ma,
Katsina, Nigeria
kolawolewilson@gmail.com, 08033433366.

&

Oladejo, Lukman Gbolagade
Department of Business Management, Federal University, Dutsin-Ma,
Katsina, Nigeria
loladejo@fudutsinma.edu.ng, 08034336988.

Abstract

This study examines the moderating influence of record-keeping on the relationship between access to finance and the performance of small and medium enterprises (SMEs) in Kano State. Employing survey research design using quantitative method, data was gathered from a sample of 373 business owners, selected from a total population of 21,615 registered SMEs, based on simple random sampling techniques. A thorough analysis was performed using statistical tools, including correlation and hierarchical regression. The results indicated significant associations among access to finance, record-keeping, and SME performance. The findings showed that while access to financial resources is a vital factor in enhancing SME performance supporting business growth and technological investments, effective record-keeping is equally crucial for tracking financial health and enabling sound decision-making. Hierarchical regression analysis revealed that record-keeping partially moderates the relationship between access to finance and SME performance. This suggests that although proper record-keeping enhances the positive effects of financial access, it does not fully explain the relationship, highlighting the need for both elements to work together to achieve optimal results. The study recommends a dual strategy that focuses on improving access to financial resources alongside strengthening record-keeping practices among SMEs.

Keywords: *Record keeping, Access to finance, SME performance*

Introduction

Small and Medium Enterprises (SMEs) are widely recognised as a backbone of Nigeria's economy. Recent data shows that SMEs contribute about 48–50 % to Nigeria's Gross Domestic Product (GDP) and provide employment for roughly 84–86 % of the nation's workforce (Agusto & Co., 2024; PwC, 2024; Ibileke, 2025). This prominence highlights their importance for economic development, job creation, poverty reduction and value addition, particularly in non-oil sectors (SeedBuilders. (2024; DBN, 2025; Okoli, & Ezedebego, 2025). Despite their large numbers and contributions, many SMEs struggle with obtaining formal finance. Globally, the unmet financing need for formal MSMEs in developing economies remains high, a gap estimated at trillions of dollars by the World Bank / International Finance Corporation (2025). Hence, access to finance refers to the ability of small and medium enterprises (SMEs) to obtain funds, credit, loans, or other financial services, needed for operations, growth, and investment (Ajayi, et al., 2021; World Bank, 2025). Record-keeping practices mean the systematic maintenance of financial and administrative records (e.g. income, expenses, inventory, transactions) by SMEs, enabling accurate tracking of operations and accountability (Prempeh, et al., 2022; Adela, et al., 2024).

On the other hand, SME performance is the outcome variable reflecting how well a business achieves its goals, profitability, growth, efficiency, sustainability, often measured by financial returns, business expansion, and operational stability. In Nigeria, this shortage of credit access constrains the ability of SMEs to expand, innovate, or cope with external economic pressures such as rising inflation or unstable infrastructure (Ibileke, 2025; Ebinum, & Ehiedu, 2025; Obe, 2025). Beyond financial barriers, organisational practices, especially record-keeping, have emerged as critical for SME survival and growth. Proper record maintenance helps firms produce credible financial statements, track expenses and inventory, and meet the documentation requirements of lenders or investors. This in turn increases the likelihood of securing credit and ensures funds are used efficiently. Poor records, on the other hand, tend to weaken creditworthiness, undermine internal decision-making and limit growth potential. These organisational weaknesses are particularly pronounced in many Nigerian SMEs, where managerial capacity and access to technology remain low (Olisah, 2023; Nor, 2024; Obe, 2025).

Therefore, in the context of Kano State, SMEs constitute a significant share of the local business community, yet face the twin constraints of restricted access to finance and weak record-keeping practices. Given the national evidence about SMEs' contribution to GDP and employment, and considering the widespread financing gap and managerial capacity challenges, there is a clear need for empirical study in Kano State to examine how record-keeping may influence the effect of financial access on firm performance. This study adopts the following specific objectives: (1) To examine the relationship between access to finance and SME performance in Kano State. (2) To determine the relationship between record-keeping and SME performance in Kano State. (3) To evaluate how record-keeping practices moderate the relationship between access to finance and SME performance in Kano State.

Through these goals, the research aims to produce contextually grounded evidence that can inform financial institutions, policymakers, and SME operators in Kano, helping to tailor support strategies that improve credit access, strengthen internal management, and ultimately enhance SME performance.

2. Literature Review and Theoretical Framework

2.1 Concept of SME Performance

The concept of SME performance has broadened in recent literature beyond traditional financial indicators. Recent work proposes that SME performance should be viewed along two symmetric dimensions, financial (such as profitability, revenue growth, return on assets) and non-financial (such as customer satisfaction, employee well-being, sustainability, innovation, operational efficiency) (Mahohoma, 2024; Okeke et al., 2025; Ramirez, & Lim, 2025). From a financial perspective, performance remains central because financial metrics offer objective evidence of a firm's viability, efficiency, and capacity to sustain operations (e.g. profitability or liquidity) (Matsoso, et al., 2916; Wang et al., 2025). Non-financial performance measures, according to newer studies, have become increasingly important: they capture elements like managerial effectiveness, environmental practices, digital innovation, customer and employee satisfaction, and long-term sustainability, factors that influence resilience and competitiveness ().

Additionally, some recent studies argue that performance should be assessed via a composite or simplified framework combining both types of indicators, enabling a more balanced and realistic assessment of SME success (Lisi et al., 2024; Salkić, 2024; Saman et al., 2025). These frameworks account for the fact that SMEs may thrive in non-financial domains even when financial measures are modest, for example by being innovative, socially responsible, or operationally efficient, which may lead to long-term sustainability (Fu et al., 2024; Muraba et al., 2024; Saman et al., 2025). In contexts of high competition and rapidly changing markets, the inclusion of non-financial indicators (such as innovation capacity, market orientation, sustainability practices) becomes critical for SMEs to adapt, remain competitive and survive long term (Fajarika et al., 2024; Keelson et al., 2024; Kagumu, 2025). Therefore, the conceptualization of SME performance in recent research recognises a broader set of outcomes, not only profits or growth but also resilience, sustainable practices, human and social capital, and market adaptability.

2.2 Concept of Access to Finance

Access to finance for SMEs refers to the ability of businesses to secure financial resources, such as credit, loans, equity, or other funding, needed for working capital, expansion, investment, and innovation. Recent evidence confirms that access to finance remains a major determinant of

SME performance. For example, a 2025 study of SMEs in Nigeria found that easier access to microfinance and informal credit significantly improved revenue growth and return on investment (Akanbi, & Adekunle, 2025; Mohammed et al., 2025). In a broader context, the 2023 edition of the Organisation for Economic Co-operation and Development (OECD)'s SME financing report noted that many SMEs, particularly in developing economies, still face notable constraints in obtaining credit due to collateral requirements, cost, and institutional barriers (Alliance for Financial Inclusion, 2020; OECD, 2023). In addition, access to finance has been linked to growth and resilience under challenging economic conditions. A 2024 working-paper showed that SMEs' ability to grow and transform is strongly dependent on favourable financing conditions (Ferrando, & Pál, 2024). Meanwhile, analyses of alternative financing channels (e.g. microfinance, fintech, crowdfunding, angel investment) highlight their growing importance for bridging the finance gap for underserved SMEs in sub-Saharan Africa (Alliance for Financial Inclusion, 2020; Mohammed et al., 2025). Access to finance also interacts with other organisational factors and capacities. For instance, firms that combine finance access with adequate financial literacy and record-keeping practices tend to perform better, because financial resources are complemented by managerial competence (financial literacy) and transparency (records) (Yeye et al., 2024; Kurniasari et al., 2025). Thus, access to finance remains a critical enabler for SMEs; but its effectiveness depends not only on availability of funds, but also on firm-level capacities and external institutional environment.

2.4 Concept of Record Keeping

Record-keeping refers to the systematic documentation and maintenance of a firm's financial and operational data. Recent studies provide diverse perspectives on its importance and practice among SMEs. According to Accounting Record-Keeping in Small and Medium Enterprises in Nigeria: A Source of Enhanced Business Performance, comprehensive accounting records significantly improve SME business performance, indicating that firms maintaining detailed books tend to report higher profitability and stability (Aderinto, 2025). A study in the context of Ghana, Bookkeeping practices and SME performance: The intervening role of owners' accounting skills observed that bookkeeping practices alone enhance SME performance, but the effect becomes stronger when owners possess substantial accounting skills (Adela et al., 2024). Similarly, research among small-scale businesses in Uganda's Mukono municipality found a strong positive correlation between effective record-keeping and operational performance, including improved inventory control, expense tracking and business efficiency (Nansubuga, 2024). From a practical standpoint, systematic record-keeping helps SMEs to track income and expenditure, manage assets and liabilities, prepare financial statements, and present credible financial documentation to lenders or regulatory authorities. As demonstrated in the Nigerian study by The Roles of Record Keeping In the Survival and Growth of Small Scale Enterprises in Kogi State, record-keeping aids accountability over assets and supports strategic decision-making, which contributes to enterprise survival and growth (Olukotun, 2012; Wahab et al., 2023). Challenges remain: many SMEs cite lack of accounting knowledge, limited resources, and cost of maintaining records as barriers, leading to reliance on manual methods or incomplete documentation, which undermines transparency and performance tracking (Aladejebi, & Oladimeji, 2019; Oluwo et al., 2025). Therefore, record-keeping emerges as a fundamental organisational practice for SMEs, playing a crucial role in business transparency, decision-making, financial stability, and long-term sustainability.

2.4 Empirical Review

2.4.1 Access to Finance and Performance

Access to finance appears consistently in empirical studies as a key determinant of SME performance, though the strength and conditions of the relationship vary. For instance, Azzuwut et al (2023) on assessing the Impact of Financial Accessibility on Small and Medium Enterprises' Profitability reports a strong positive correlation between financial accessibility and SMEs' profitability, showing loans, overdrafts and collateral-backed credit significantly boost profit outcomes. Similarly, Dadem Kemgou Edouard Guilaire et al., (2025) on examining the effect of Access to Credit on Financial Performance of Small and Medium-Sized Enterprises in the North West Region-Cameroon, finds that improved credit access correlates with better financial performance across SMEs in Cameroon, underlining the importance of credit access for business growth. An alternative view comes from Ibrahim, (2023) on access to finance and performance of small and medium enterprises: mediating role of product and process innovation, which suggests that access to finance contributes to SME performance indirectly, via enhanced innovation (product/process), rather than directly affecting profitability or growth. This highlights that finance alone may not guarantee performance unless firms also leverage resources into productive changes. In a broader context, Ermawati, (2025) investigated the limited Access to Capital for SMEs and its Impact on Growth in Competitive Markets, outlines how structural and institutional barriers to finance, including weak credit systems and regulatory inefficiencies, constrain SMEs' potential to grow, stressing that access must be accompanied by enabling institutional environment to yield performance gains. Meanwhile, Mohammed et al., (2025) conducted a study on access to Finance and its Implications for Micro, Small and Medium Business Enterprises (MSMEs) Growth: A Case Study of Financial Institutions and Alternative Financing Channels in Nigeria, shows that alternative financing channels (microfinance, informal credit, non-bank funding) can significantly support SME expansion and sustainability when traditional bank credit is inaccessible, thus expanding the notion of "access." Therefore, these studies show convergence on the importance of finance for SME performance, but divergences around causal pathways, mediating mechanisms (e.g. innovation, institutional context), and the types of finance that matter. For the current study, focusing on SMEs in Kano, this body of work underlines the relevance of examining not only whether access to finance matters, but under what internal (e.g. record-keeping) and external (e.g. institutional) conditions it impacts performance.

2.4.2 Record Keeping and Performance

Record-keeping has been empirically shown to exert a significant positive influence on SME performance, though with variation in context, measurement, and mediating factors across studies. A recent 2025 study of Nigerian SMEs found that firms maintaining structured accounting records reported markedly better business performance; those that kept regular financial statements and transaction logs exhibited higher stability and profitability (Aderinto, 2025). In Assam, India, Khadim, and Choudhury, (2024) conducted an analysis of micro and small enterprises, financial record-keeping explained about 46% of variation in business performance, underscoring how record-keeping strongly predicts performance even in resource-constrained contexts. Similarly, Akindele, and Oladele, (2023) survey SMEs in Osogbo, Osun State, Nigeria, and concluded that proper accounting records were positively associated with turnover, return on assets, and profitability, reinforcing that accurate records support financial health. In Rwanda, Damascene, and Kasozi, (2025) research on small and medium enterprises in Kinigi Sector found that better financial record-keeping practices, including timely updates, storage, and accuracy, had significant medium to strong correlation with improved financial performance ($r \approx 0.54$). Finally, Emmanuel, and Chengelela, (2025) study emphasised that record-keeping combined with basic accounting skills on behalf of owners or managers amplified the positive effect on SME growth and sustainability, indicating that record-keeping alone may not suffice without attendant human capacity. Therefore, these studies converge on the importance of record-keeping for SME performance, but differ in emphasis: some foreground raw record-keeping as sufficient (Nigeria, Rwanda, India), while others highlight the role of managerial accounting skills (Ghana). For the present study focusing on SMEs in Kano, this literature supports the hypothesis that good record-keeping practices will enhance the effect of access to finance on performance, particularly if SMEs also build capacity for accounting, and underscores the value of investigating record-keeping not just as a control, but as a moderator.

2.4.3 Record Keeping and Access to Finance

Studies linking record-keeping to access to finance show that the ability of SMEs to secure external funds frequently depends on the quality and completeness of their financial records. For example, Umuerri et al. (2024) found that small businesses with sound record-keeping systems were considerably more likely to obtain credit from financial institutions, as lenders required verified financial documentation before loan approvals. Similarly, Zotorvie (2025) observed that SMEs adopting structured accounting practices, including sales, purchase, income and expense records, gained greater access to formal financing compared with those relying on informal or ad-hoc bookkeeping. In a Nigerian context, Olayemi, Adebiyi and colleagues (2025) reported that use of accounting software improved record accuracy and timeliness, enabling small businesses to meet documentation requirements for loans and grants. Research in Ghana by Anipa (2025) examining non-traditional export firms, demonstrated that strong financial-management practices, including detailed record-keeping, strengthened the positive effect of access to finance on growth; firms lacking such practices struggled to translate finance access into expansion. Another study in the Upper West Region of Ghana by Amosah et al. (2023) concluded that SMEs without regular accounting records were seldom able to secure external funding, underscoring record-keeping as a critical condition for financing. While all five studies agree that accurate record-keeping improves access to external finance, they differ in context and mechanisms: some stress traditional accounting systems and documentation (Umuerri et al., Amosah et al.), others emphasise modern tools such as accounting software (Olayemi et al.), and still others position record-keeping as part of broader financial-management practices mediating the finance–growth link (Anipa). For the present study on SMEs in Kano, these findings support the hypothesis that record-keeping does not merely correlate with financing success, but potentially moderates how access to finance translates into improved performance, stressing the value of investigating record-keeping as more than a control variable but as a moderator influencing loan access and utilisation.

2.7 Conceptual and Theoretical Framework

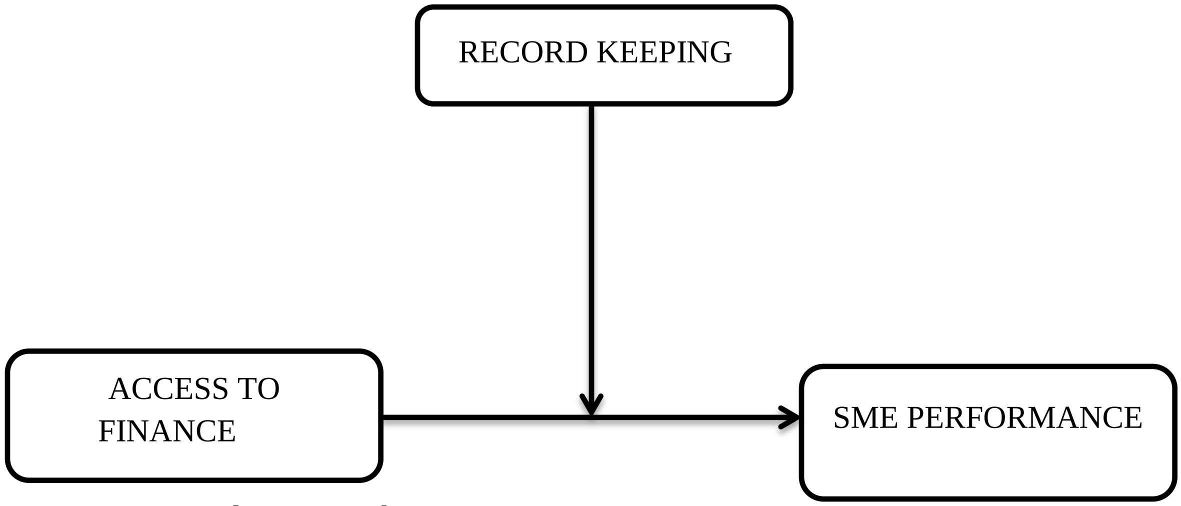

Figure 1: Conceptual Framework
Source: Developed by the Author, (2025)

The Resource-Based Theory (RBT), developed by Jay Barney (1991), posits that firms can achieve sustained competitive advantage through resources that are valuable, rare, inimitable, and non-substitutable. This framework applies to Small and Medium-sized Enterprises (SMEs) by emphasizing those unique resources, particularly effective record-keeping systems, can significantly enhance firm performance. Access to finance is critical for SME growth, but often hindered by perceived risks. By maintaining accurate records, SMEs not only enhance their credibility with financial institutions but also improve their decision-making capabilities, facilitating better cash flow management and resource allocation (Feng et al., 2019). Additionally, the entrepreneurial skills of SMEs, intertwined with effective record management, can lead to improved funding opportunities and negotiation outcomes with lenders. The RBT highlights that internal capabilities, such as planning and forecasting, directly influence performance; thus, the interplay between access to finance and systematic record-keeping practices is crucial for SMEs to leverage financial resources effectively for growth and sustainability.

The RBT affirms that a firm's internal resources, including information management capabilities, significantly influence its operational effectiveness. By keeping thorough financial records, SMEs can generate reliable data that facilitate cash flow management and budgeting. This accurate financial reporting not only helps in optimizing resource allocation but also provides insights into the business performance over time (Beck et al., 2018). This internal capability, thus, can act as a moderating factor, enhancing the relationship between access to finance and overall performance, as it enables SMEs to present a clearer financial picture to potential investors or lenders.

3. Methodology

The study adopted a survey research design using a quantitative method and applied simple random sampling to select respondents. Survey design is suitable for assessing constructs such as access to finance, record-keeping practices and SME performance across a large population (Ponto, 2015). The population of this study consist of 21,615 registered SMEs operating in Kano State (SMEDAN, 2021). A sample of 373 SMEs operating in Kano State was selected using the Krejcie and Morgan (1970) sample size determination, which is statistically adequate to provide reliable insights into the relationships being examined, however, to mitigate the challenge of unreturned, incomplete and outlier in the responses, additional 30% questionnaire (Isreal, 1992) were added to the required sample size, making a total of 485 units of instrument were utilized. Moreover, simple random sampling was chosen because it gives every registered SME in the population an equal chance of selection, thereby minimising selection bias and improving representativeness (Rahi, 2017). This approach aligns with previous Nigerian SME studies that employed quantitative survey designs and simple random sampling to explore financial inclusion and enterprise performance (Aliyu, Adamu & Kolo, 2025).

The questionnaire consists of various sections designed to collect demographic information and assess record-keeping practices, evaluate access to finance, and measure SME performance. The instruments for assessing record-keeping practices, evaluating access to finance, and measuring SME performance were adapted from extant studies, specifically: Record-Keeping Practices: Adapted from Smith et al. (2019), with a total of 5 measured items. Access to Finance: Adapted from Jones & Roberts (2020), with a total of 6 measured items. SME Performance: Adapted from Nguyen (2021), with a total of 5 measured items. Data analysis involved descriptive statistics to summarize sample characteristics and inferential statistics, including regression analysis, to evaluate how record-keeping moderates the relationship between access to finance and SME performance. The study applied SPSS for moderation analysis because SPSS supports multiple regression models with interaction terms, allowing examination of how a moderator variable changes the strength of the relationship between an independent variable and a dependent variable (i.e., moderated multiple regression) (Laerd Statistics, n.d.; SPSS Analysis 2024). Also, the choice of descriptive statistics was aimed at providing an overview of the demographic characteristics of the sample population, establishing baseline data for understanding the context of the SMEs surveyed. Regression analysis was utilized to explore the predictive relationships between the study variables, allowing for insights into how record-keeping practices may influence the impact of access to finance on SME performance. Thus, the model can be specified as follows:

$$PER = \beta 0 + \beta 1 \cdot FIN + \beta 2 \cdot REC + \beta 3 \cdot (FIN \times REC) + \beta 4 \cdot BUS + \beta 5 \cdot SIZ + \beta 6 \cdot IND + \beta 7 \cdot OWN + \varepsilon$$

Where:

- BUS = Business Age (control)
- SIZ = Business Size (control)
- IND = Industry Type (control)
- OWN = Ownership Structure (control)

The interaction term (FIN × REC) tests the moderating effect of record-keeping on the relationship between access to finance and SME performance.

Note: *Dependent variable (SME performance):* ***PER****, Independent variable (Access to Finance):* ***FIN****, and Moderator (Record-keeping practices):* ***REC***

4. Result and Discussion

In total, 485 questionnaires were distributed for the study on the moderating effect of record-keeping on access to finance and SMEs performance in Kano State. Out of these, 398 copies of questionnaire were returned, while 87 were deemed invalid. From the returned questionnaire, 373 were selected after screening and cleaning. This analysis highlights a strong response rate, with approximately 82% of the returned questionnaires providing valid data for examination. The data collected & cleaned was subjected to rigorous statistical analysis to explore the relationships between record-keeping, access to finance, and SMEs performance.

4.1 Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of Respondents

Characteristics	Categories	Frequency	Percentage
Gender	Male	223	60%
	Female	150	40%
Age of Respondents	18-25	56	15%
	26-35	131	35%
	36-45	112	30%
	46+	74	20%
Education Level	Primary	37	10%
	Secondary	93	25%
	Tertiary	243	65%

Source: Field Survey, 2025

The sample comprises 223 males (60%) and 150 females (40%), indicating a male predominance in SME ownership and management in the region, which may reflect cultural norms influencing entrepreneurship for women. Age-wise, the majority of respondents are in the 26-35 age group (35%), followed by those aged 36-45 (30%), suggesting that most business owners have substantial experience in operations, while the lower representation of younger entrepreneurs (15% aged 18-25) may highlight barriers faced by this demographic. Additionally, educationally, 65% of respondents possess tertiary qualifications, which is encouraging as it correlates with better record-keeping, financial literacy, and resource access essential for business success. These demographic findings emphasize the need for stakeholders, especially policymakers, to design interventions that support both male and female entrepreneurs and promote youth engagement in entrepreneurship, while also focusing on capacity-building to enhance business management skills across the SME sector.

Table 2: Business Characteristics

Variable	Categories	Frequency	Percentage
Business Age	1-3 years	93	25%
	4-6 years	130	35%
	7+ years	150	40%
Industry Type	Retail	373	100%
Record Keeping System	Manual	112	30%
	Digital	261	70%

Source: Field Survey, 2025

The data presented in Table 2 outlines key characteristics of small and medium enterprises (SMEs) in Kano State, focusing on business age, industry type, and record-keeping practices. The findings indicate a diverse age distribution, with 25% of businesses operational for 1-3 years, 35% for 4-6 years, and 40% established for over seven years, suggesting both stability and a dynamic entrepreneurial spirit within the sector. Notably, retail dominates the SME landscape, comprising 100% of the surveyed businesses, which emphasizes its critical role in the local economy while highlighting potential challenges due to market saturation. Furthermore, 70% of businesses employ digital record-keeping systems, reflecting a recognition of technology's benefits in enhancing operational efficiency, whereas 30% still rely on manual methods, potentially limiting their performance tracking and responsiveness to financial opportunities. Overall, this data underscores the need for modern record-keeping practices and targeted support strategies to promote growth and efficiency among SMEs in the region.

4.2. Inferential Statistics

Correlation Analysis

A Pearson correlation analysis was conducted to assess the relationships between the variables of interest.

Table 3: Correlation Matrix

Variables	Access to Finance	Record Keeping	SME Performance
Access to Finance	1.00	0.62	0.58
Record Keeping	0.62	1.00	0.55
SME Performance	0.58	0.55	1.00

Note: Correlation is significant at the 0.01 level (2-tailed).

Table 3 provides a correlation matrix illustrating the relationships among Access to Finance, Record Keeping, and SME Performance, measured by Pearson correlation coefficients. The results reveal a significant positive correlation between Access to Finance and Record Keeping (0.62) as well as between Access to Finance and SME Performance (0.58), indicating that increased financial access leads to enhanced record-keeping practices and improved business outcomes. Additionally, there is a moderately strong correlation (0.55) between Record Keeping and SME Performance, emphasizing the importance of accurate record management for strategic decision-making and operational efficiency. These findings underscore the critical roles that both access to finance and effective record-keeping systems play in enhancing SME performance. Therefore, fostering access to financing while promoting strong record-keeping practices should be key strategies for stakeholders, including policymakers and financial institutions, aiming to support the growth and sustainability of SMEs.

4.3.2 Regression Analysis

To examine the moderating effect of record-keeping on the relationship between access to finance and SME performance, a hierarchical regression analysis was conducted.

Table 4: Regression Results

Model	R	R^2	Adjusted R^2	F	ΔF
1 (Control Variables)	0.48	0.23	0.22	12.65	
2 (Access to Finance)	0.56	0.31	0.29	19.20	6.55
3 (Record Keeping)	0.58	0.34	0.31	21.00	1.89
4 (Interaction Term)	0.63	0.40	0.37	27.34	6.34

Note: $p < .05$; $p < .01$.

Control Variables: Business Age, Business Size, Industry Type, Ownership Structure

Table 4 presents the results of a hierarchical regression analysis on the factors influencing small and medium enterprises (SMEs) performance. Model 1, which incorporates control variables, shows a moderate correlation with SME performance (R = 0.48) and explains 23% of the variance (R^2). The introduction of Access to Finance in Model 2 significantly increases the correlation (R = 0.56) and the explained variance to 31% (R^2), with a substantial increase in explanatory power ($\Delta F = 6.55$). Model 3 adds Record Keeping, further enhancing the model (R = 0.58, $R^2 = 0.34$). Finally, Model 4 introduces an interaction term, yielding a strong correlation (R = 0.63) and elevating the explained variance to 40% (R^2), indicating the significant role of the interaction in explaining SME performance. The consistent improvements across models highlight the importance of integrating Access to Finance and Record

Keeping, suggesting that their effective combination can lead to better performance outcomes for SMEs and underscores the necessity for supportive policies for both areas.

Table 5: T-Statistic for Individual Variables

Variable	Coefficient	Standard Error	t-Statistic	P-value
Control Variables				
Business Age	0.12	0.04	3.00	0.001
Business Size	0.15	0.05	3.00	0.001
Industry Type	0.10	0.04	2.50	0.001
Ownership Structure	-0.05	0.04	-1.25	1.032
Access to Finance	0.45	0.10	4.50	0.001
Record Keeping	0.30	0.09	3.33	0.001
Interaction Term	0.20	0.07	2.86	0.001

Note: $p < .05$; $p < .01$.

Table 5 displays the t-statistics for individual variables in the full regression model, highlighting their significance on SME performance. The control variables Business Age, Business Size, and Industry Type show t-statistics above the critical value of 3.00, indicating their substantial influence. In contrast, the Ownership Structure variable fails to achieve significance ($t = -1.25$), suggesting its impact may vary by context. Among the primary predictors, Access to Finance ($t = 4.50$) and Record Keeping ($t = 3.33$) demonstrate significant contributions to enhancing SME performance. Additionally, the interaction term ($t = 2.86$) reveals the combined effect of Access to Finance and Record Keeping also positively influences performance. Overall, these results reinforce the importance of both financial accessibility and effective record-keeping in boosting the performance of SMEs, encouraging stakeholders to develop strategies that integrate these critical elements for greater business success.

4.4 Discussion of Findings

The following discussion interprets the empirical evidence drawn from the study's analyses and situates the results within the broader scholarly conversation on SMEs, finance access, record-keeping and performance. For example, the positive and significant relationship between access to finance and SME performance in this study mirrors the conclusions of Assessing the Impact of Financial Accessibility on Small and Medium Enterprises' Profitability by Azzuwut et al. (2023), which found that loans, overdrafts and credit access substantially boosted SME profitability. Likewise, Effect of Access to Credit on Financial Performance of Small and Medium Sized Enterprises in the North West Region-Cameroon by Dadem Kemgou Edouard Guilaire et al. (2025) reports a similar positive effect of credit access on SME financial outcomes, reinforcing that financing availability matters for growth.

However, not all prior work treats access to finance as a direct driver of performance. Access to finance and performance of small and medium enterprises: mediating role of product and process innovation by Ibrahim (2023) suggests that the effect of finance on SME success may operate indirectly, via innovation in products or processes, indicating that capital alone may not guarantee performance without strategic reinvestment. Similarly, Limited Access to Capital for SMEs and its Impact on Growth in Competitive Markets by Ermawati (2025) argues that structural and institutional constraints, such as regulatory inefficiencies, limit how effectively credit translates into growth, stressing the importance of external environment alongside funding. On the other hand, Access to Finance and its Implications for Micro, Small and Medium Business Enterprises Growth: A Case Study of Financial Institutions and Alternative Financing Channels in Nigeria by Mohammed et al. (2025) expands the definition of access beyond bank credit to include microfinance, informal credit, and non-bank funding, showing how alternative finance channels sustain SME expansion when formal credit is scarce.

The current study complements these findings by showing that access to finance is indeed a strong predictor of performance, but, critically, when combined with effective record-keeping practices. This combination aligns with the more cautious and contextual arguments of Ibrahim (2023) and Ermawati (2025), while extending them: it shows that internal organisational capacity (record management) is a key internal condition that helps convert financial access into measurable performance gains. In doing so, the study contributes context-specific evidence for SMEs in Kano State, reinforcing global and African findings while filling a gap concerning moderating internal practices.

5. Conclusion and Recommendation

The present study examined how access to finance and record-keeping practices jointly influence SME performance in Kano State. The results demonstrated that access to finance significantly improves SME performance, and that effective record-keeping further strengthens this relationship, though record-keeping only partially moderates, rather than fully determines, the effect of financial access on performance. This finding aligns with evidence from recent empirical work indicating that adopting formal accounting systems and accurate record-keeping enhances firm performance (Aderinto, 2025). Likewise, studies highlight that use of accounting information systems can lead to improved financial reporting, timeliness, and reliability, which support better decision-making and growth outcomes in SMEs (Sanni, & Akinrinola, 2025). The findings suggest that while access to finance is necessary for expansion, internal management practices like record-keeping are critical enablers that allow SMEs to leverage financial resources effectively.

Given these outcomes, the following recommendations are advanced:

1. Encourage SME owners and managers to institutionalize systematic accounting and record-keeping practices, including adoption of digital accounting or accounting information systems, to improve transparency, financial tracking, and decision-making.
2. Launch training programmes and capacity-building workshops (by government agencies, SME support organisations or industry associations) to build financial literacy, record-keeping skills, and competence in use of digital accounting tools.
3. Financial institutions and policymakers should recognize and reward SMEs that maintain proper accounting records when evaluating credit applications, possibly by offering preferential loan terms or reduced collateral requirements.
4. Promote awareness and provide incentives (tax breaks, grants, or subsidies) for adoption of accounting information systems by SMEs, especially in underserved or resource-constrained areas such as Kano State.
5. Encourage regular monitoring and evaluation of SME financial reporting and performance, to ensure that credit access is complemented by strong organisational controls and good management practices.

Implementing these recommendations can help create a more enabling environment for SMEs in Kano, one where access to finance and robust internal systems work together to improve performance, sustainability, and growth.

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