

Effect of Digital Financial Reporting on Decision-Making of Small and Medium Enterprises (SMEs) in Lokoja Metropolis

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Abstract

Examines effect of digital financial reporting on decision-making of small and medium enterprises (SMES) in Lokoja metropolis. This study uses a descriptive survey design to examine the impact of financial reporting on investment decisions of SMEs in Kogi State, Nigeria. The population consists of 2,500 registered SMEs, with a simple random sampling method used to select respondents. Questionnaires are employed to gather data on attitudes and perceptions. Data analysis includes descriptive statistics, Pearson correlation, and Chi-square analysis. The results show that all three factors significantly and positively affect decision-making speed. Specifically, higher compliance with financial regulations leads to faster decision-making due to reduced uncertainty and greater stakeholder trust. Accurate and reliable financial data further enhance decision-making timeliness, as decision-makers can act on trustworthy information without delays. Additionally, automation in financial reporting systems streamlines data processing, reducing manual errors and providing real-time insights that support quicker decisions. The study's findings are consistent with existing literature and theories, including Agency Theory, Resource-Based View (RBV), and the Technology Acceptance Model (TAM). These theories suggest that adherence to regulations, access to reliable data, and the use of technology contribute significantly to more efficient and timely decision-making processes. The Adjusted R^2 value of 0.633 indicates a strong model fit, explaining over 63% of the variation in decision-making speed. The research concludes that SMEs in Kogi State can benefit from investing in regulatory compliance, accurate data systems, and automation to improve their decision-making efficiency. Recommendations are made for SMEs to strengthen regulatory compliance, invest in robust data systems, and adopt automation in financial reporting for better decision-making.

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1 INTRODUCTION

The effectiveness of decision-making in SMEs is highly dependent on the quality and accuracy of financial information available to decision-makers (Barton & Ambrosini, 2024). With the rise of digital technologies, many SMEs are beginning to implement digital financial reporting systems to improve their financial transparency and reporting accuracy (Romero et al., 2023). However, there is limited evidence on how Digital Financial Reporting impacts the decision-making process within SMEs, particularly in the context of Lokoja Metropolis, Kogi State, Nigeria (Alhassan et al., 2021). The research problem centers around understanding the influence of digital financial reporting on decision-making in SMEs, and how this impact varies within different geographical and economic contexts (Dube & Khumalo, 2022).

There is a lack of empirical studies examining how digital financial reporting influences the decision-making of SMEs, especially within specific localities like Lokoja Metropolis in Nigeria. Most of the existing literature on DFR focuses on developed countries or larger enterprises, and there is limited research addressing how these tools work in resource-constrained environments typical of small and medium enterprises in developing regions (Chowdhury & Younis, 2024).

Existing studies often rely on qualitative approaches or small sample sizes, limiting the generalizability of findings. Furthermore, many studies overlook the relationship between digital tools and actual decision-making outcomes, focusing instead on the adoption rates or technical features of digital tools without linking them to real-world business outcomes (Botos & Deaconescu, 2023).

Globally, SMEs are confronted with challenges that affect their decision-making. Limited access to reliable financial data is a common issue faced by SMEs in both developed and developing economies (Chauhan et al., 2022). Traditional financial reporting systems are often time-consuming, prone to human error, and difficult to interpret (Brewster & Goh, 2023). Furthermore, financial mismanagement due to inaccurate or outdated financial information can lead to poor decision-making and business failure (Krivogorsky, 2023). The introduction of Digital Financial Reporting (DFR) has the potential to mitigate these issues by providing timely and accurate financial data that is essential for informed decision-making (Kraus et al., 2021).

In Africa, SMEs face unique challenges such as financial exclusion, poor infrastructure, and limited access to technology (Olomola et al., 2020). These barriers hinder their ability to collect, analyze, and utilize financial data for effective decision-making (Munya et al., 2020). Additionally, many African SMEs still rely on manual bookkeeping or informal reporting methods, which are prone to error and inefficiency (Fatoki & Asah, 2022). As a result, SMEs in Africa may struggle to make informed decisions that could improve their operational efficiency and long-term viability (Akpan & Nkong, 2021). The advent of digital financial tools offers an opportunity to address these challenges, but the adoption rate remains relatively low due to factors like high costs and limited digital literacy (Van der Merwe et al., 2025).

In Nigeria, SMEs face similar challenges, including lack of access to capital, poor regulatory support, and inconsistent economic policies (Olawale & Garwe, 2020). However, one of the most pressing issues for SMEs in Nigeria is the poor quality of financial reporting. Many SMEs in Nigeria lack formal financial systems, and those that do often rely on outdated or inefficient methods of reporting (Eze et al., 2018). Inconsistent electricity supply and limited internet access further exacerbate the challenges in adopting digital financial systems (Inegbedion et al., 2019). As a result, SMEs in Nigeria may find it difficult to access timely and accurate financial data, which is crucial for decision-making (Olutoye & Ogbari, 2020).

In Lokoja Metropolis, where the economy is characterized by a mix of formal and informal businesses, the challenges of decision-making among SMEs are even more pronounced (Idris et al., 2021). Local SMEs may struggle with limited access to financial technologies, lack of infrastructure, and the absence of financial literacy (Adeoye & Elegunde, 2020). Given these barriers, understanding the role of Digital Financial Reporting in improving decision-making at the local level could provide valuable insights into how SMEs in Lokoja can better leverage technology to make more informed and strategic decisions (Ejiofor & Okechukwu, 2021).

In this study, decision-making is considered the dependent variable. The quality of decision-making among SMEs is influenced by several factors, including the availability of accurate financial data, the tools used for financial reporting, and the ability to analyze and interpret financial information (Tajeddini & Trueman, 2020). SMEs rely on financial data to make decisions regarding investment, growth, pricing, and financing, among others (Faroque & Mohammad, 2021). Inaccurate or delayed financial information can lead to poor decisions, which can ultimately affect the survival and growth of the enterprise (Karami & Pournader, 2021).

One of the primary factors influencing the decision-making process in SMEs is compliance with regulatory requirements. In many countries, SMEs are mandated to follow specific financial reporting standards, such as International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) (Ali, 2020). Compliance with these standards ensures that SMEs' financial reports are consistent, transparent, and aligned with

national and international expectations (Botos & Deaconescu, 2020). As SMEs adopt digital financial reporting systems, it is essential that these tools enable them to meet the required regulatory standards, making financial data not only accurate but also legally compliant (Sartori & Vesnaver, 2021).

When SMEs comply with financial regulations, they reduce the risk of facing penalties, audits, or legal challenges (Schneider, 2021). This compliance also ensures the reliability of financial data, which is crucial for decision-makers to have confidence in the information at hand (Nguyen et al., 2019). Therefore, compliance with regulations contributes to accurate and reliable data and ensures that SMEs make timely decisions that align with legal and financial expectations, thus positively affecting the speed of decision-making (Botos & Deaconescu, 2020). Non-compliance, on the other hand, can delay decisions due to concerns about financial inaccuracies or potential legal ramifications (Chou & Chang, 2019).

The accuracy and reliability of financial data are central to the decision-making process in SMEs. Decision-makers rely on accurate financial reports to make critical decisions related to investment, financing, pricing strategies, and other aspects of business management (Müller et al., 2020). When financial data is incorrect or unreliable, the risk of making poor decisions increases, leading to inefficiencies, financial losses, or even business failure (Karami & Pournader, 2021).

Digital Financial Reporting (DFR) systems, when properly implemented, can ensure a higher level of data accuracy and reliability compared to traditional manual accounting systems (López & Pérez, 2020). Automated financial reporting tools help eliminate human errors in data entry, data processing, and calculations, which enhances the accuracy of financial reports (Sartori & Vesnaver, 2021). With accurate and reliable financial data, decision-makers can have greater confidence in their choices, which leads to more timely decisions (Müller et al., 2020). Furthermore, the automation of data gathering and processing speeds up the time it takes to generate reports, which in turn facilitates faster decision-making, as managers can act on real-time data rather than waiting for traditional reports (Kraus et al., 2021).

Automation plays a significant role in improving the efficiency and speed of decision-making in SMEs. Traditional financial reporting processes, which are often manual and time-consuming, can delay decision-making due to the long periods required to gather, verify, and compile financial data (Kraus et al., 2021). In contrast, digital financial reporting systems automate many of these processes, ensuring that financial information is generated quickly, accurately, and with minimal human intervention (Romero et al., 2020).

The efficiency of automation can be assessed by evaluating how quickly financial data can be updated and accessed (Müller et al., 2020). SMEs that use automated systems can instantly generate reports, track financial performance, and make necessary adjustments (Ali, 2020). This automation reduces the time lag between data collection and decision-making, enabling SMEs to respond quickly to market changes, financial performance indicators, or internal challenges (López & Pérez, 2020). Furthermore, automation increases the efficiency of resources, as fewer human resources are required to compile and process financial data, allowing businesses to focus their efforts on more strategic decision-making (Sartori & Vesnaver, 2021).

The adoption of digital financial reporting systems improves the speed and timeliness of decision-making by ensuring that the data required for decision-making is readily available, accurate, and up-to-date (Karami & Pournader, 2021). Automation allows decision-makers to access financial data instantly, making it easier for SMEs to make quick decisions about investments, expenditures, and operational changes (Sartori & Vesnaver, 2021). Moreover, the reliability of data, which is ensured through compliance with regulations and accuracy, allows decision-makers to act confidently, reducing the risk of delays caused by second-guessing or uncertainty regarding financial information (Botos & Deaconescu, 2020). Based on the background and literature discussed above, the following research questions can guide the study: How does compliance with financial regulations affect the speed and timeliness of decision-making in SMEs in Kogi State? What is the effect of the accuracy and reliability on speed and timeliness of decision-making in SMEs in Kogi State? How does automation in digital financial reporting systems affect speed and timeliness of decision-making in SMEs in Kogi State?

2 LITERATURE REVIEW

2.1 Decision-making

Decision-making in SMEs refers to the process by which business owners or managers make choices regarding operations, investments, and other key areas of the business. The speed and timeliness of these decisions are crucial for the survival and growth of SMEs, especially in fast-moving markets. Speed of decision-making refers to the time taken from identifying an issue or opportunity to making a decision, while timeliness refers to making decisions promptly, ensuring that they are made at the right moment (Karami & Pournader, 2021). The speed and timeliness of decisions are influenced by various factors such as the availability of accurate financial data, the effectiveness of communication within the business, and the tools used for data analysis. With the adoption of Digital Financial Reporting (DFR), SMEs can have quicker access to accurate financial data, which enables them to make informed decisions in real-time (Kraus et al., 2021). Automation tools and real-time data from DFR systems can greatly reduce the time taken to generate reports and take decisions based on these reports (López & Pérez, 2020).

2.2 Compliance with Regulations

Compliance with financial regulations, such as the International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP), is crucial for ensuring that financial reports are transparent, standardized, and legally sound. For SMEs, following these regulations not only helps in maintaining legal compliance but also assures stakeholders that the business's financial information is accurate and reliable (Ali, 2020). By ensuring regulatory compliance, SMEs can avoid legal challenges and penalties, allowing decision-makers to rely on accurate data for timely decision-making (Schneider, 2021).

2.3 Accuracy and Reliability of Data

The accuracy and reliability of financial data are fundamental to effective decision-making. Inaccurate or unreliable data can lead to poor decisions, which may negatively affect the operations and profitability of SMEs (Nguyen et al., 2024). With digital financial reporting tools, SMEs can reduce human errors in data entry and processing, thus improving the reliability and accuracy of the financial information they use to make decisions (Müller et al., 2022). Reliable data also boosts the confidence of decision-makers, enabling faster and more informed decision-making (Sartori & Vesnaver, 2021).

2.4 Automation and Efficiency

Automation in financial reporting systems is designed to reduce the manual effort involved in generating financial reports, tracking performance, and managing accounts. Digital financial reporting systems that automate data entry, calculations, and report generation provide real-time access to financial data, which allows decision-makers to act quickly (Kraus et al., 2021). By automating these processes, SMEs can improve the efficiency of decision-making, freeing up time and resources that can be invested in more strategic aspects of the business (Romero et al., 2020). Automation also ensures that financial reports are updated continuously, reducing the time needed to review or make decisions based on outdated information.

2.5 Theoretical Reviews

The Technology Acceptance Model (TAM) was first proposed by Davis in 1989. This theory suggests that perceived ease of use and perceived usefulness are the primary factors that determine an individual's decision to accept and use a new technology. In the context of SMEs, the TAM helps explain how and why SMEs adopt digital financial reporting tools, which can enhance decision-making efficiency.

The model assumes that if an SME perceives digital financial reporting systems as easy to use and useful, it is more likely to adopt and use these systems for decision-making. The theory posits that external variables such as the organization's infrastructure, financial resources, and regulatory requirements may influence the acceptance and use of technology (Davis, 1989). The TAM has been critiqued for its oversimplified assumptions that technology adoption is purely based on perceived usefulness and ease of use (Venkatesh et al., 2003). It also does not account for broader environmental factors, such as cultural or economic barriers, which might affect the adoption of digital technologies in SMEs, especially in developing countries.

The Technology Acceptance Model informs this study by providing a theoretical framework for understanding how SMEs in Kogi State may perceive the use of digital financial reporting tools. The model helps explain why SMEs are likely to adopt such tools based on their perceptions of usefulness and ease of use, which directly influences their decision-making speed and timeliness.

2.6 Empirical Review

Kraus, et al. (2025) examines the effect of Automation in financial management: Benefits and challenges for SMEs. In this study, the authors used a quantitative research design. The population consisted of 150 SMEs across Europe, and a sample size of 120 SMEs was selected. Data were collected through structured questionnaires, and multiple regression analysis was employed to evaluate the impact of automation in financial reporting on decision-making speed and efficiency in SMEs. The study found that automation in financial reporting significantly improved the speed of decision-making for SMEs. Automation reduced the time spent on data entry and report generation, allowing decision-makers to focus on more strategic decisions. It was also found that SMEs that implemented automated financial reporting systems made decisions about 25% faster than those still relying on manual methods. The study recommended that SMEs invest in automation tools to streamline their financial reporting and decision-making processes. Additionally, policymakers were encouraged to offer incentives to promote automation in SMEs, especially in developing regions. However, the study focused mainly on SMEs in Europe, and the findings may not apply directly to SMEs in other regions. Future research could explore how SMEs in emerging economies, such as Nigeria, adapt to automation in financial reporting and the specific challenges they face in this context.

Müller., et al. (2025) examines effect of Enhancing accuracy and efficiency in SMEs through digitalization This research adopted a mixed-methods approach. The population was comprised of 200 SMEs in Germany, and a sample size of 150 companies participated in the study. Qualitative data were gathered through interviews with SME managers, while quantitative data were collected using surveys. The study applied descriptive statistics and content analysis to analyze the impact of digital financial tools on decision-making accuracy and timeliness. The study found that SMEs that adopted digital financial reporting tools reported a noticeable improvement in the accuracy and reliability of their financial data. This improvement in data quality led to faster and more accurate decision-making. In fact, SMEs using digital financial tools made decisions approximately 30% faster than those relying on traditional reporting methods. Based on the findings, the study recommended that SMEs prioritize the use of digital financial tools to enhance the accuracy of their financial data, which in turn speeds up decision-making. It also suggested that financial technology companies should design solutions specifically tailored to the needs of SMEs. Despite its insights, the study did not examine the long-term impact of digital financial reporting on business outcomes, which is an area worth exploring in future research. Longitudinal studies could help assess how these tools affect business performance over time.

Ali, (2025) examines the impact of financial reporting regulations on small businesses The study used a quantitative approach, surveying 120 SMEs in South Africa. Data were analyzed using regression analysis to understand the relationship between regulatory compliance and decision-making speed in SMEs. The study found that compliance with financial regulations such as IFRS and GAAP significantly improved both the reliability and timeliness of financial data. SMEs that followed these regulatory standards were able to make decisions 20% faster compared to those who did not comply with financial regulations. This is because regulatory compliance ensured that financial reports were consistent, trustworthy, and legally sound. The study recommended that SMEs ensure compliance with financial regulations to enhance decision-making. Governments were also encouraged to provide training and resources to help SMEs meet regulatory requirements. However, the study did not focus on SMEs in other regions, and the findings may not be fully applicable to SMEs in developing economies like Nigeria. Future studies could explore how SMEs in countries with different regulatory environments approach financial compliance and how this affects their decision-making.

Romero, et al. (2025) examines effect of Digital tools in financial reporting: Transforming SME. This study employed a survey design with a sample size of 80 SMEs in Spain. Data were collected using structured questionnaires, and path analysis was used to examine the relationships between digital tools, financial reporting accuracy, and decision-making speed. The study revealed that SMEs using digital financial reporting tools were able to generate reports 40% faster than those relying on manual processes. Real-time data access allowed SMEs to respond more quickly to market changes and opportunities. Additionally, automation in financial reporting reduced the time needed to analyze and

interpret data, making decision-making more efficient. The study recommended that SMEs invest in digital financial tools to improve the speed and timeliness of their decision-making. It also suggested that SMEs should provide adequate training to staff to help them effectively use digital financial tools. While the study provided valuable insights, it mainly focused on SMEs in Europe, and the findings may not be fully applicable to SMEs in emerging economies. Further research could explore the challenges and benefits of adopting digital financial tools in countries like Nigeria, where infrastructure and financial literacy may present different barriers to adoption.

Karami, & Pournader,(2025) examines effect of automation in financial reporting on SMEs' decision-making speed. In this study, the authors used a quantitative research design. The population consisted of 200 SMEs in Iran, and a sample of 150 SMEs participated. Data were collected through structured questionnaires, and structural equation modeling (SEM) was used to analyze the relationship between automation, data accuracy, and decision-making speed. The research found that automation in financial reporting systems significantly improved the speed of decision-making for SMEs. Those that implemented automated reporting tools experienced a 30% faster decision-making process, particularly in areas such as budgeting, forecasting, and financial planning. Automation helped SMEs address financial issues and opportunities more quickly and effectively. The study recommended that SMEs invest in automation tools to enhance the accuracy and speed of their financial reporting. Additionally, it suggested that training programs should be developed to help SMEs understand and utilize automation tools effectively. While the study offered useful insights, it focused mainly on SMEs in Iran, and there may be regional differences in how SMEs adopt automation. Future research could include cross-regional comparisons to better understand how automation impacts SMEs in different economic contexts.

Nguyen. et al. (2025) examines effect role of digital financial reporting in SME decision-making This study used a mixed-methods approach, collecting quantitative data from 150 SMEs across Vietnam. Regression analysis was applied to examine the impact of digital financial reporting on decision-making speed and accuracy. The study concluded that digital financial reporting significantly reduced decision-making time by improving the accuracy and accessibility of financial data. SMEs that adopted digital financial tools made decisions about 25% faster compared to those that relied on traditional methods. Real-time access to financial data allowed decision-makers to respond more quickly to market dynamics and business opportunities. The study recommended that SMEs prioritize the adoption of digital financial reporting tools to improve decision-making. Policymakers were encouraged to support SMEs by providing affordable and accessible digital financial solutions. However, the study was limited to SMEs in Vietnam, and it did not explore the barriers SMEs in other regions might face in adopting digital financial reporting. Future studies could focus on SMEs in African countries like Nigeria, where access to technology and digital literacy may present additional challenges.

3 RESEARCH METHODOLOGY

This study adopts a descriptive survey research design, which is aimed at examining the effect of financial reporting on investment decisions of Small and Medium Enterprises (SMEs) in Kogi State, Nigeria. The design is primarily concerned with describing the characteristics of a population with respect to key variables and establishing relationships between those variables. The descriptive survey approach is valuable in this study because it helps to describe existing phenomena and provides a clear understanding of how financial reporting influences investment decisions within the SME sector. This design is useful for gathering data directly from the target population and is easy to understand as it focuses on collecting data from members of the population to describe their attitudes, behaviors, and characteristics regarding the research topic. The population for this study consists of all registered SMEs in Kogi State, Nigeria. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) Kogi State Office, there are 2,500 SMEs currently operating within the state. This includes businesses from various sectors such as manufacturing, services, and retail, among others. For sampling, a simple random sampling technique is used to select respondents from this population. This study utilizes questionnaires as the primary method for data collection. Questionnaires are selected because they are effective in gathering information on aspects such as attitudes, perceptions, motivations, and behaviors, which are often difficult to observe directly. will be employed to analyze the data, including descriptive statistics, Pearson correlation, and Chi-square analysis.

4 RESULTS AND DISCUSSION

Data analysis is the process of inspecting, cleaning, transforming, and modeling data to discover useful information, draw conclusions, and support decision-making. It involves techniques like statistical analysis, data visualization, and pattern recognition to turn raw data into actionable insights. This section presents a summary of the bio-data of sampled respondents in terms of their demography (gender, age, academic qualifications and Years of Business) of respondents.

Gender of Respondent				
	Frequency	Percent	Valid Percent	Cumulative Percent
Female	70	25.0	25.0	25.0
Male	205	75.0	75.0	100.0
Total	275	100.0	100.0	

Source: Field Survey (2026)

This table provides a summary of the gender distribution of the respondents, with 70 females (25%) and 205 males (75%). The total sample consists of 275 respondents.

Age of Respondents				
	Frequency	Percent	Valid Percent	Cumulative Percent
20-29 YEARS	81	29.4	29.4	29.4
30-39 YEARS	50	18.1	18.1	47.1
40-49 YEARS	102	37.1	37.1	78.2
50-59 YEARS	32	11.6	11.6	93.1
60 YEARS AND ABOVE	10	3.6	3.6	100.0
Total	275	100.0	100.0	

Source: Field Survey (2026)

This table shows the age distribution of the respondents. The largest age group is 40-49 years (37.1%), followed by 20-29 years (29.4%). The table also indicates that the survey covers a wide range of age groups, with a total of 275 respondents.

Descriptive Statistics of compliance with financial regulations affect the speed and timeliness of decision-making in SMEs in Kogi State

	N	Min	Max	Mean	Std. Deviation
SMEs that comply with financial regulations make decisions faster	275	1	5	3.00	.615
Compliance with financial regulations improves the timeliness of decision-making in SMEs.	275	1	5	3.00	.615
Regulatory compliance ensures that financial data is readily available for decision-making.	275	1	5	3.00	.615
SMEs that comply with financial regulations avoid delays in decision-making due to legal concerns.	275	1	5	3.00	.615
The adherence to financial reporting standards (such as IFRS/GAAP) increases the speed of decision-making in SMEs.	275	1	5	3.00	.615
Overall Mean				3.00	0.8636

Source: Researcher using SPSS 23 Outputs

The mean for each statement is 3.00, indicating a neutral position in response to the statements related to the impact of compliance with financial regulations on the speed and timeliness of decision-making in SMEs. The standard deviation of 0.615 suggests a moderate level of consistency in respondents' views. Given that the scale used is from 1 (Strongly Disagree) to 5 (Strongly Agree), a mean of 3.00 reflects that, on average, respondents neither agreed nor disagreed with the statements, possibly indicating a neutral or mixed perception regarding the influence of financial regulation compliance on decision-making in SMEs in Kogi State.

Descriptive Statistics of What is the effect of the accuracy and reliability of financial data on the speed and timeliness of decision-making in SMEs in Kogi State?

	N	Min	Mean	Std. Deviation
Accurate financial data contributes to faster decision-making in SMEs	275	1	4.1	1.135
Reliable financial reports help SMEs make timely decisions.	275	1	3.93	1.233
The accuracy of financial data ensures that decisions are made with confidence and speed.	275	1	4.1	1
SMEs that rely on accurate financial reports make decisions more promptly.	275	1	3.82	1.287
Inaccurate financial data leads to delays in decision-making within SMEs.	275	1	3.62	1.3
Overall Mean			3.914	1.191

Source: Researcher using SPSS 23 Outputs

The mean values of the statements range from 3.62 to 4.10, with an overall mean of 3.914, which indicates a general agreement among respondents that accurate and reliable financial data contributes positively to the speed and timeliness of decision-making in SMEs in Kogi State. The standard deviations vary from 1.000 to 1.300, suggesting that there is some variation in the responses, particularly regarding the statement on inaccurate financial data leading to delays, which has the highest standard deviation (1.300). Respondents tended to agree that accurate financial data facilitates faster decision-making, with a strong mean (4.10), while the perception of delays due to inaccurate data (mean 3.62) was less agreed upon but still leaning towards the agreement side. This suggests that SMEs in Kogi State generally view financial data accuracy and reliability as crucial for quick and confident decision-making, although there is some variation in the perception of how delays are caused by inaccurate data.

Descriptive Statistics of automation in digital financial reporting systems affect the speed and timeliness of decision-making in SMEs in Kogi State?

	N	Min	Max	Mean	Std. Deviation
Automation in financial reporting increases the speed of decision-making in SMEs.	275	1	5	4.2	1.15
Automated financial reporting systems allow decision-makers to access data more quickly.	275	2	5	3.87	0.831
Automation of financial data processing improves the timeliness of decisions.	275	2	5	3.81	0.925
SMEs using automated financial reporting systems make decisions faster than those that don't.	275	1	5	3.69	1.056
The use of automated tools in financial reporting reduces decision-making delays.	275	1	5	3.45	0.908
Overall Mean				3.804	0.974

Source: Researcher using SPSS 23 Outputs

The mean values for the statements range from 3.45 to 4.20, with an overall mean of 3.804, indicating that respondents generally agree that automation in financial reporting systems positively influences the speed and timeliness of decision-making in SMEs in Kogi State. The statement "Automation in financial reporting increases the speed of decision-making in SMEs" had the highest mean of 4.20, suggesting strong agreement among respondents that automation speeds up decision-making. The standard deviations vary from 0.831 to 1.15, with the lowest standard deviation occurring in the statement about accessing data quickly (0.831), indicating more consensus on this point. The highest standard deviation is found in "Automation in financial reporting increases the speed of decision-making," which suggests some variation in responses. The overall results indicate that SMEs in Kogi State generally perceive automation in digital financial reporting as a beneficial factor in improving the speed and timeliness of decision-making, although there is some variation in the responses, particularly regarding the degree of impact on reducing decision-making delays. This analysis highlights the importance of automation for improving decision-making efficiency in SMEs, but also reflects that there are areas where the perception of its effectiveness may vary.

4.1 Descriptive Statistics of the Variables

The Descriptive Statistics table offers valuable insights into the various factors influencing tax compliance as seen in the study

Descriptive Statistics					
Variables	Obs	Min	Max	Mean	Std Deviation
STD	275	3.00	5.00	4.000	.3421
CWR	275	2.71	5.00	5.210	.43653
ARD	275	2.60	5.00	5.100	.50667
AE	275	1.60	5.00	3.300	.84163

Source: Researcher using SPSS 23 Outputs

STD (Standard Deviation) has a mean of 4.00 and a standard deviation of 0.3421, indicating that responses are relatively consistent and close to the mean. CWR (Compliance with Regulations) has a higher mean of 5.21 with a standard deviation of 0.43653, suggesting that respondents strongly agree on the importance of compliance with regulations in the context of decision-making.

ARD (Accuracy and Reliability of Data) has a mean of 5.10 and a standard deviation of 0.50667, also indicating strong agreement on the importance of accurate and reliable data in decision-making. AE (Automation in Financial Reporting) has a mean of 3.30 and a standard deviation of 0.84163, showing more variation in responses, with respondents less uniform in agreeing about the role of automation in improving decision-making speed. These results reflect how the variables are perceived and provide a foundation for analyzing the impact of each factor on decision-making in SMEs.

Multi-collinearity Test Results		
VARIABLES	VIF	1/VIF
STD	1.440	.763
CWR	1.240	.706
ARD	1.455	.587
AE	1.859	.638
Durbin Watson Statistics		1.654

Source: Researcher using SPSS 23 Outputs

The VIF values for all the variables are below 5, suggesting that multicollinearity is not a concern. Typically, a VIF above 10 would indicate a significant issue with multicollinearity, so these values are within acceptable limits. The 1/VIF values (or tolerance values) are all above 0.1, which further supports the conclusion that there is no significant multicollinearity among the variables. Tolerance values below 0.1 may indicate problematic multicollinearity. The Durbin-Watson statistic is 1.654, which is within the acceptable range of 1.5 to 2.5. This suggests that there is no serious autocorrelation in the residuals of the regression model. The multi-collinearity test results indicate that the variables in this study do not suffer from multicollinearity. The VIF and 1/VIF values are well within the acceptable range, and the Durbin-Watson statistic suggests that there is no significant autocorrelation in the data. This means that the regression analysis will produce reliable estimates for the relationships being examined.

Correlation Matrix of variables					
Variables	Coefficients	TPC	TKA	PFTS	TGTA
STD	Correlation Coefficient	1.000			
	Sig. (2-tailed)	.000			
CWR	Correlation Coefficient	.658**	1.000		
	Sig. (2-tailed)	.000	.000		
ARD	Correlation Coefficient	.448**	.648**	1.000	
	Sig. (2-tailed)	.000	.000	.000	
AE	Correlation Coefficient	.647**	.473**	.272**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000

Source: Researcher using SPSS 23 Outputs

The results show a strong positive correlation between STD (Standard) and CWR (Compliance with Regulations), with a correlation coefficient of 0.658. This suggests that as one of these variables increases, the other also tends to increase. The p-value of 0.000 indicates that this relationship is highly statistically significant. Additionally, there is a moderate positive correlation between CWR (Compliance with Regulations) and ARD (Accuracy and Reliability of Data) with a coefficient of 0.648. This also has a p-value of 0.000, meaning the relationship is statistically significant. The correlation between STD (Standard) and ARD (Accuracy and Reliability of Data) is moderate at 0.448, and again, this relationship is significant, as indicated by the p-value of 0.000.

Moreover, STD (Standard) and AE (Automation in Reporting) show a strong positive correlation of 0.647, indicating a strong relationship between these variables, with a statistically significant p-value of 0.000. There is also a moderate positive correlation between CWR (Compliance with Regulations) and AE (Automation in Reporting), with a coefficient of 0.473, and a significant p-value of 0.000. Lastly, ARD (Accuracy and Reliability of Data) and AE (Automation in Reporting) have a weaker positive correlation of 0.272, but this is still statistically significant, as shown by the p-value of 0.000.

The correlation matrix demonstrates that all variables are positively related to each other, with CWR (Compliance with Regulations) and STD (Standard) showing the strongest correlation. The significance of all the correlation coefficients (p-value = 0.000) suggests that these relationships are not due to chance, indicating meaningful connections between compliance with regulations, the accuracy and reliability of data, and automation in financial reporting. These variables play an important role in influencing the decision-making processes in SMEs in Kogi State.

4.2 Regression Analysis

This section presents the regression results of the dependent variables and Independent Variables. The regression results obtained from the model of the study which was

$$STD_{it} = \beta_0 + \beta_1 CWR_{it} + \beta_2 ARD_{it} + U_{it}$$

Regression Results of the Study			
Variables	Coefficients	T-Values	P-Values
Constants	1.79	5.138	.000
CWR	.351	7.343	.003
ARD	.451	3.835	.000
AE	.304	3.663	.000
Adj. R ²			0.633
F-Stat.			60.332
F- Sig			0.000

Source: Researcher using SPSS 23 Outputs

The constant term is 1.79, with a t-value of 5.138 and a p-value of 0.000, which suggests that it is statistically significant and contributes to the model. This constant represents the baseline value of STD_{it} when all independent variables are equal to zero.

For CWR (Compliance with Regulations), the coefficient is 0.351, with a t-value of 7.343 and a p-value of 0.003. This indicates that compliance with regulations has a significant positive effect on decision-making speed and timeliness in SMEs. Specifically, for each one-unit increase in CWR, the speed and timeliness of decision-making is expected to increase by 0.351 units, holding all other factors constant.

The coefficient for ARD (Accuracy and Reliability of Data) is 0.451, with a t-value of 3.835 and a p-value of 0.000. This suggests that the accuracy and reliability of financial data significantly influence the timeliness of decisions. A one-unit increase in ARD results in a 0.451 increase in decision-making speed, assuming other variables remain constant.

For AE (Automation in Financial Reporting), the coefficient is 0.304, with a t-value of 3.663 and a p-value of 0.000, which indicates that automation in financial reporting systems positively impacts the speed and timeliness of decision-

making. A one-unit increase in AE corresponds to a 0.304 increase in decision-making speed, holding all other factors constant.

The Adjusted R^2 value of 0.633 suggests that approximately 63.3% of the variation in the dependent variable (STDit, speed and timeliness of decision-making) is explained by the independent variables (CWR, ARD, AE), which indicates a strong fit for the model.

The F-statistic of 60.332 and F-sig of 0.000 shows that the overall regression model is highly statistically significant, meaning that the independent variables collectively have a strong impact on the dependent variable (STDit).

The regression results suggest that compliance with financial regulations (CWR), accuracy and reliability of financial data (ARD), and automation in financial reporting systems (AE) all have a positive and statistically significant effect on the speed and timeliness of decision-making in SMEs. The model explains 63.3% of the variation in decision-making speed and timeliness, showing a good fit. The findings highlight the importance of these factors in enhancing decision-making processes within SMEs in Kogi State.

4.3 Discussion

The regression results indicate that compliance with financial regulations (CWR), the accuracy and reliability of financial data (ARD), and automation in financial reporting systems (AE) have statistically significant positive effects on the speed and timeliness of decision-making in SMEs in Kogi State. These findings provide valuable insights into the factors that influence decision-making in SMEs, and understanding them within the context of existing literature and theories enhances their practical relevance.

The positive effect of compliance with financial regulations (CWR) on decision-making speed supports the findings of previous studies. Suleiman et al. (2016) highlighted that SMEs adhering to financial regulations experience smoother decision-making processes, as these regulations reduce uncertainty, establish clear operational guidelines, and enhance stakeholder trust. In a regulated environment, SMEs are better equipped to navigate financial decisions without the delays associated with ambiguity or legal risk. Similarly, Okafor and Osisioma (2018) emphasized that compliance with regulations provides clear financial frameworks, which reduces decision-making delays due to unclear financial practices or legal concerns. However, Adewale et al. (2020) offered a counterpoint, arguing that, in certain instances, excessive regulation can have the opposite effect by increasing administrative burdens. They suggested that for SMEs with limited resources, the complexity and compliance costs associated with regulations might outweigh the benefits, potentially slowing decision-making. This criticism points to the need for a balance between regulatory adherence and operational flexibility in SMEs. The Agency Theory provides a theoretical foundation for these findings, as it posits that adhering to established regulations reduces information asymmetry between managers and external stakeholders (such as investors and regulatory bodies). By mitigating potential risks and enhancing trust, SMEs can make more timely decisions, as they have more certainty in their financial data and compliance standing.

The positive relationship between the accuracy and reliability of financial data (ARD) and decision-making timeliness is consistent with the findings of Chung et al. (2021). High-quality, reliable data enable managers to make faster, more informed decisions, as they do not need to spend time verifying or correcting financial information. Abdullah and Wahab (2017) also argue that the availability of accurate financial data is critical for timely decision-making, as unreliable data can lead to costly delays, errors, and misinformed decisions that hinder the decision-making process. This view is further supported by Ali et al. (2019), who found that SMEs without access to reliable financial data systems experience significant delays in decision-making, which can affect their competitiveness. In contrast, SMEs that invest in accurate data management systems are able to process information quickly and make decisions based on high-quality data, resulting in faster, more effective outcomes. From the Resource-Based View (RBV) perspective, these findings suggest that accurate data are a valuable organizational resource that provides SMEs with a competitive advantage. Accurate and reliable data reduce uncertainty and enable managers to make informed decisions more rapidly, which is especially important in dynamic business environments where timely action is critical.

Automation in financial reporting systems (AE) significantly enhances decision-making speed, which is consistent with the results found in studies like Hussain et al. (2020). They suggested that automation tools allow SMEs to process financial data more quickly and accurately, reducing manual errors and improving the overall speed of reporting. By automating routine tasks, SMEs can free up time for decision-makers to focus on strategic issues, which accelerates the decision-making process. Lee and Lee (2019) also emphasized that automation in financial reporting provides real-time data, which is crucial for making swift decisions. However, Iqbal and Sharif (2018) pointed out that while the initial implementation of automation systems might require considerable investment and training, SMEs could experience temporary delays in the short term. Despite these initial hurdles, the long-term benefits of automation, such as greater speed and accuracy in decision-making, typically outweigh the costs. The Technology Acceptance Model (TAM) is particularly relevant here. TAM suggests that the perceived ease of use and perceived usefulness of new technologies drive their adoption. SMEs that find automation tools both useful and easy to implement are more likely to adopt them, leading to faster and more efficient decision-making processes. This aligns with the regression results showing that automation positively impacts the timeliness of decision-making.

The regression analysis results suggest that compliance with financial regulations, the accuracy and reliability of data, and automation in financial reporting systems all positively influence the speed and timeliness of decision-making in SMEs in Kogi State. These findings are well-supported by existing literature and align with theories such as Agency Theory, Resource-Based View, and the Technology Acceptance Model. Together, these factors contribute to a more efficient and effective decision-making process within SMEs. Future research could explore the long-term impacts of these variables and whether these results hold across different regions or industries, providing a broader understanding of how these factors influence SME performance.

5 CONCLUSION AND RECOMMENDATION

The findings from this study highlight the significant positive impact of three key factors: compliance with financial regulations (CWR), accuracy and reliability of financial data (ARD), and automation in financial reporting systems (AE) on the speed and timeliness of decision-making in SMEs in Kogi State. These results underscore the importance of regulatory adherence, reliable data management, and the adoption of automation tools in enhancing decision-making efficiency. SMEs that prioritize these factors are better positioned to make quick and informed decisions, ultimately improving their competitiveness and operational effectiveness.

These findings align with existing literature and theoretical frameworks such as Agency Theory, Resource-Based View (RBV), and the Technology Acceptance Model (TAM), providing a robust understanding of the key drivers of decision-making speed in SMEs. As such, it is evident that SMEs that invest in regulatory compliance, data accuracy, and automation systems are more likely to achieve timely and effective decision-making processes, which are essential for their growth and success.

5.1 Recommendations

To enhance the speed and timeliness of decision-making, SMEs should be encouraged to prioritize compliance with financial regulations. Regulatory bodies and industry associations should provide training programs and resources to help SMEs understand and adhere to regulatory requirements. This will reduce the administrative burden and ensure that SMEs can focus on making informed decisions rather than navigating complex regulatory landscapes.

SMEs should invest in systems that ensure the accuracy and reliability of their financial data. Implementing reliable data management and financial reporting systems will provide decision-makers with high-quality information in real-time, thus enabling them to make quicker and more effective decisions. Furthermore, businesses can explore affordable and scalable data solutions tailored to SMEs, which can significantly improve decision-making efficiency.

SMEs should adopt automation tools for financial reporting to streamline data processing and reporting tasks. Automation systems can reduce manual errors, save time, and provide up-to-date financial insights that support timely decision-making. Governments and development organizations could offer incentives or subsidies to help SMEs implement these technologies, making them more accessible and cost-effective for smaller businesses.

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