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ACCOUNTING KNOWLEDGE, MANAGERIAL SKILLS, AND FINANCIAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN DELTA STATE

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Key words: *Accounting Knowledge, Managerial Skills, Financial Performance, SMEs, Structured Equation Model*

ABSTRACT

It is important that Nigeria come out from this present economic slump. Researchers and economic experts are looking to Small and Medium Enterprises (SMEs) as a means of mitigating the present economic situation in Nigeria. For most nations like Nigeria, the growth and development of their economies depend profoundly on the SMEs. However, many SMEs encounter various challenges, such as inadequate accounting practices, insufficient managerial knowledge, and limited access to finance, which impede their growth and financial performance. Most studies have not placed emphasis on two areas of need: managerial skills and accounting knowledge. This study therefore investigates the impact of managerial and accounting knowledge on the performance of SMEs in Nigeria, taking into consideration the pressing need for SMEs to grow. The study's survey approach gathered data from SMEs in Delta State using a structured questionnaire. It further used a structured equation model for data analysis amidst been anchored on the agency theory, resource-based theory, and contingency theory. The study's findings demonstrated that managerial and accounting knowledge are significant determinants of SMEs' financial performance in Delta State. The study therefore recommended that policymakers and stakeholders need to improve on the accounting and managerial practices in SMEs through various training workshops and capacity-building programmes.

1. INTRODUCTION

Amidst a world where countries are perpetually negotiating crises such as the economic recession brought on by the pandemic, the resilience of small and medium-sized enterprises (SMEs) becomes apparent as a ray of hope. Siti and Nurma (2023) have emphasized that SMEs are particularly important as the key to reviving faltering economies. This idea was echoed by Aloamaka and Akan (2021), who highlighted on how crises can quickly plunge countries into deep recession. SMEs are essential to promoting economic resilience. These

are not just key participants, but also essential lifelines. As a result, the issues impeding SMEs' expansion require immediate attention as well as a calculated response. Nations like Nigeria simply cannot choose to ignore these problems if it desires to steer toward a strong economic recovery and prosperity. Indeed, Small and medium-sized firms (SMEs) play a critical role in the expansion and growth of the economies of many nations, including Nigeria (Nwoye, Obiorah & Chidiebere, 2023; Nwoye & Akan, 2023). Sari and Suryaningrum (2019) argued that SMEs can withstand the upheaval of economic crisis because they evolved and had enormous potential even during the COVID-19 pandemic in 2020, which had a big impact on the financial situation of many countries. However, many SMEs have difficulties that could impede their development and financial performance, including restricted access to financing, a lack of managerial talent, and subpar accounting practices.

The knowledge of Financial Accounting is crucial for the financial performance of SMEs (Small and Medium Enterprises) not just in Delta State but in the world at large (Surenggono, 2022). This is because it enables managers to make decisions about their company's operations when tthey are well-informed. Managers are better equipped to evaluate their financial performance, pinpoint areas for development, and allocate resources when they have precise accounting records. This is more as having a thorough understanding of accounting principles and financial management will assist SMEs in Delta State in obtaining funding and luring potential investors. Small and medium-sized enterprises (SMEs) that can demonstrate that they have sound financial management practices in place and have a clear understanding of their financial condition are more likely to attract the attention of lenders and investors. Additionally, SMEs can use effective financial management to support cost- and profit-cutting initiatives. Keeping track of expenditures and income allows managers to identify areas where revenue may be increased and costs can be reduced, which eventually enhances financial performance. Effective accounting and financial management abilities are often necessary for SMEs in Delta State and the country Nigeria at large to succeed. It gives managers the ability to make informed decisions, attract capital, and increase financial performance. On a regular workday, managers have a lot of decisions to make. They are intended to solve a range of challenges, including workflow inside a company, mechanisms for enhancing quality, performance evaluation systems, and strategy difficulties (Ireland & Miller, 2004). Crucially, managerial choices have a big impact on the output and effectiveness of a company (Anthony &Harry, 2017). In particular, the community of micro, small, and medium-sized firms has to be financially literate. Small businesses are the backbone of the

Nigerian economy and the embodiment of the Nigerian ideal. As of 2005, small and medium-sized enterprises accounted for 97% of Nigeria's GDP, 70% of industrial jobs, and 95% of the nation's manufacturing production (Kauffmann, 2005). Similar to 2002, 76% of the workforce, 87.9% of private sector workers were employed by SMEs, and they contributed 48% of all industrial output in terms of value-added (Eniola & Entebang, 2014). The growth and development of the country's economy depend heavily on small and medium-sized enterprises. Consequently, it is imperative to support the SME sector, especially managers who could affect the knowledge, awareness, and attitudes of their employees as well as the way their enterprises are run. Inadequate managerial and accounting expertise may make it difficult for SMEs to handle their money, make wise decisions, and compete in the market. Therefore, it is necessary to look into the connection between managerial abilities, accounting expertise, and the financial performance of SMEs in Delta State.

Despite the essential role of SMEs in the economy of Nigeria, the association between management ability, accounting expertise, and the financial performance of SMEs in the state has, however, received very little research. Therefore, the purpose of this study is to ascertain how managerial and accounting expertise affect the financial performance of SMEs in Delta State. The study is significant because it will shed light on the variables affecting the financial performance of SMEs in Delta State. This information will assist stakeholders and policymakers in creating policies and initiatives that will foster the expansion and expansion of SMEs. The study's conclusions can also assist SMEs in pinpointing areas in which they need to strengthen their managerial abilities and accounting procedures to improve their financial performance.

1.1 Objectives of the Study

The main objective of the study is to investigate the impact of accounting knowledge and managerial skills on the financial performance of SMEs in Delta State, Nigeria. Specifically, the study aims to:

1. ascertain the relationship between accounting knowledge and the financial performance of SMEs in Delta State.
2. determine the association between management skills and the financial success of SMEs in Delta State.
3. evaluate how accounting knowledge impact the relationship between managerial abilities and the financial performance of SMEs in Delta State.

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1.2 Research Questions

The following research questions will be addressed in this study:

a. What is the relationship between accounting knowledge and the financial performance of SMEs' in Delta State?
b. How do the managerial skills relate to the financial performance of SMEs in Delta State?
c. How does accounting knowledge impact the relationship between managerial abilities and the financial performance of SMEs in Delta State.?

1.3 Hypotheses

H_{01}: There is no significant relationship between accounting knowledge and the financial performance of SMEs in Delta State.

H_{02}: There is no significant relationship between managerial skills and the financial performance of SMEs in Delta State.

H_{03}: Accounting knowledge has no significant impact on the relationship between managerial skills and the financial performance of SMEs in Delta State.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Accounting Knowledge

This term can be defined as the comprehension of financial statements, financial analyses, and accounting concepts. The SMEs with a stronger grasp of accounting knowledge are more likely to handle their money prudently, make informed financial decision, and improve their financial performance. But SMEs frequently use bookkeepers rather than accountants, which leaves the possibility for inefficiency (Obot & Enidiok, 2022). This is the fundamental issue because the basis for evaluating performance is already flawed as bookkeepers do not have the same level of expertise as accountants. Could this be the cause of the underwhelming results of government institutional and policy support for building the capability of small and medium-sized firms (Fatai, 2015)?

2.1.2 Concept of Managerial Skills

Goal achievement is the primary metric used to assess the performance of SMEs; a good assessment of this performance should take into account the owner's goal or a policy intended to advance the industry in the areas of certain specific outcomes, such as output and

profitability (Marr & Schiuma, 2003). This is an evidence of how important an entrepreneur's managerial skills are to the success or failure of SMEs (Osamwonyi & Tafamel, 2010). Papulova (2007) highlighted four characteristics of managing skills. These are Technical skills, which refers to the managerial capacity to plan and organize work in an organization utilizing techniques like break-even analysis. Interpersonal skill: The capacity to manage others, where the manager can inspire employees, resolve workplace issues, and get along with people. Conceptual skills are the ability to relate an organization to its surroundings in an acceptable way and to view it as a manageable, tiny entity. Information gathering and dissemination skills are referred to as communication skills. Agbim (2013), however, emphasized that managing SMEs requires the capacity to plan and budget, identify changes, uphold positive customer relations, and guarantee correct financial records. Seven different managerial abilities can be developed using these four functions: creating goals, allocating resources, resolving conflicts, communicating effectively, assessing performance, exercising initiative, and exercising self-control.

2.1.3 SME Performance

The degree to which organizations achieve their goals is quantified to determine performance. Knowledge management techniques have a direct impact on the success of SMEs (Asli, 2013). SMEs must perform better when it comes to offering pertinent advice and knowledge, especially to Small and Medium Accounting practices (SMPs) and Professional Accountants in Business (Mohd &Mohamed, 2013).

2.2 Theoretical Framework

The Theories the study anchored on are Agency theory, Resource-based Theory, and Contingency Theories.

2.2.1 Agency Theory

This theory was developed in 1976 by Jensen and Meckling. Agency theory explains the significant relationships between principals and their separate agents. In its most basic form, the principle is a person who mostly depends on an agent to execute certain financial transactions and decisions that could result in a variety of different outcomes (CFI, 2022). According to the theory, SMEs may experience agency issues as a result of the division of ownership and control. Conflicts of interest may arise when the owner of a small business also serves as the management. According to this hypothesis, managerial and accounting

expertise can reduce agency issues by giving owner-managers the resources they need to keep an eye on and run their company.

2.2.2 Resource-based Theory

This theory was first proposed by Penrose (2009), albeit Barney (1991) first made the suggestion. The idea covers an internally-driven strategy and focuses on internal organizational resources rather than externally driven strategies to understand the success or failure of leveraging organizational operations (Kozlenkova, Samaha, & Palmatier, 2014). The text attempts to expound upon corporate resources that, while not entirely reproducible, have the potential to yield a sustained competitive advantage over time (Barney, 1991). This shows that by utilizing their resources and competencies, SMEs can obtain a competitive advantage. SMEs can employ managerial skills and accounting expertise as resources to enhance their financial performance. According to this notion, SMEs are more likely to gain a competitive advantage if they have higher managerial and accounting skills.

2.2.3 Contingency Theory

Contingency theory states that for human resource management (HRM) to be effective, it must be consistent with other organizational components as well as the external environment. Contingency theory proposes interactions as an alternative to simple linear relationships. Internal and external fit have always been used in HRM to explain contingency decisions. External fit, also known as vertical alignment, calls for the organizational HRM practices to be in harmony with the external environment or the organizational goal. If this is not done, poor performance becomes evident.

The theory posits that there is no single management approach appropriate in every circumstance. Thus the effectiveness of the combination of managerial and accounting expertise may be impacted by the unique environment of the SME. The sector, size, and stage of development of the SME can all affect how managerial and accounting expertise affects financial performance, (Alliyah and Dewi, 2023). The combination of these theories will provide a comprehensive framework for the understanding of how managerial skill, accounting knowledge, and the financial success of SMEs in Delta State are related. This study therefore aims to provide insights that may be used to build policies and programs that can aid the growth and development of SMEs in the state

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2.3 Empirical Review

To the best of the knowledge of the researchers, we do not yet have many studies on managerial skills, accounting expertise, and the performance of SMEs in Nigeria, as far as the researchers are aware. Accounting Knowledge and Financial Performance

Prempeh et al. (2022), in a study done in the Kumasi Metropolitan Assembly, looked into the effect that maintaining accounting records had on the growth of small and medium-sized enterprises. The study, which used a survey approach, focused on one NBSSI employee and 200 owners or managers of small businesses in the Kumasi Metropolitan Assembly. The findings showed that maintaining accurate accounting records of SME transactions is essential to the growth of the businesses to ascertain their profit or loss margin, secure bank credit, have documentation to back up their tax records and be capable of making sound financial decisions.

Similarly, a regression analysis was employed in a study by Smith and Brown (2020) in California to investigate the impact of accounting knowledge on the financial performance of SMEs. Using a survey data from small and medium sized enterprises (SMEs) the study revealed a favorable association between financial performance metrics and accounting knowledge levels, suggesting that more accounting knowledge is linked to better stability and profitability.

Zhang and Wang (2018) investigated the relationship between accounting knowledge and financial performance. The study investigated small enterprises in Shanghai, China, and utilizing descriptive statistics and correlation analysis. Their research showed a clear correlation between better financial outcomes for SMEs and higher accounting literacy levels.

In order to determine how bookkeeping/accounting techniques affect the financial performance of SMEs, Lee and Kim (2019) in their study done in South Korea and using structural equation modeling (SEM). The significance of efficient financial record-keeping was highlighted when they discovered through surveys and data analysis that specific bookkeeping methods have a major impact on the financial success of SMEs.

To investigate the relationship between financial knowledge and the profitability of SMEs, Gupta and Sharma (2017) carried out a research in New Delhi, India, using t tests and ANOVA. The data were gathered via survey response and financial statements. They found

that SMEs with more financial knowledge are more profitable, highlighting the importance of financial understanding in achieving financial success.

Brown and Johnson (2016) utilized regression analysis and chi-square tests in examining the relationship between accounting systems and financial performance in the SMEs located in New York. Data were collected from the financial statements of the selected firms. The result revealed that SMEs' financial performance is positively impacted by the implementation of modern accounting systems, which enhances productivity and decision-making.

Similarly, Surenggono (2022) examined the influence of financial attitudes and knowledge on the financial performance of SMEs by employing management accounting as a mediator. The study's sample consists of SMEs in Malang and Surabaya. The sample size for the survey consisted of 123 SMEs. In the procedure, structural equation modeling, or SEM, was applied. The findings demonstrated a significant relationship between SMEs' financial attitudes, financial knowledge, and management accounting application in addition to a correlation between SMEs' performance and management accounting application.

In a similar vein, Eniola and Entebang (2017) looked into how SME managers' performance is impacted by financial literacy. The study's participants were residents of three states in southwest Nigeria. The results show the entire impact of financial knowledge, awareness, and attitude on business owner-managers capacity to convert financial literacy into an improvement in SMEs' performance using a random sample and structural equation modeling (SEM).

The effect of financial literacy training on the performance of small and micro companies in the Njoro District was studied by Jacqueline et al. (2013). A descriptive survey was the method employed for the investigation. 82 persons were selected at random to make up the sample size. Using frequency counts, percentages, averages, standard deviations, and t-tests, the study found that there was a significant improvement in the revenue performance of small enterprises whose managers had attended financial literacy classes.

Omerzel (2019) used a structural equation modeling technique to explore the significance of numerous knowledge management parameters to examine the impact of knowledge management on SME performance. The findings demonstrate the interdependence and

importance of knowledge utilization, individual knowledge acquisition, information storage, motivation, and assessment of the success of knowledge management implementation for small and medium-sized enterprises. The findings of this study are also consistent with those of Umogbaimonica, et al. (2018), who looked into how financial literacy affected the performance of SMEs in Benue State, Nigeria. With a sample size of 154 respondents, data were collected and analyzed using descriptive statistics like frequency and simple percentage. The study employed multiple linear regression analysis to investigate the correlation between the variables in the model. The results of the regression analysis demonstrate how SMEs' attitudes and financial understanding affect their success.

The usefulness of managerial abilities in the internal administration of micro and small enterprises in Africa was examined by Ng'ora et al. in 2022. Owners and managers of MSMEs in Tanzania provided the data. The results of thematic content analysis and regression analysis demonstrate that the managerial abilities of MSMEs' owners and managers have a noteworthy positive impact on the performance of MSMEs. Specifically, the ability to successfully run small businesses requires proficiency in financial management, marketing, human relations, and entrepreneurship. This is consistent with a 2019 study by Dauda and Aminu, which highlighted managerial and accounting abilities as critical success factors for SMEs in North-West Nigeria. For the survey design in North-West Nigeria, 208 SME owners and their 401 workers made up the sample size. The Chi-Square analysis's findings demonstrated a strong correlation between managerial and accounting abilities and the prosperity of SMEs in North-West Nigeria. This also corresponds with Olowu and Aliyu's (2015) analysis of the performance of small-scale businesses (SSBs) in Nigeria's Bauchi State. A simple linear regression was used to assess the data and look for a relationship between the two variables after 58 SSBs in the state provided answers to a questionnaire. The study found that the performance of SSBs is highly impacted by managerial skills. Based on this study, ineffective management practices are impeding the success of SSBs.

In a similar study, using panel data analysis, Park and Lee (2019) carried out a longitudinal study in Seoul, South Korea, to investigate the connection between SMEs' financial performance and their ability to plan strategically. Their findings highlighted the significance of strategic foresight in business success by showing that SMEs with excellent strategic planning capabilities eventually achieve higher financial performance.

The performance of SMEs in Indonesia was studied about the direct impact of the features of the Management Accounting System by Siti and Nurma (2023). The study design chosen was associative. Primary sources were utilized in the collection of quantitative data. SEM-based variants (SEM PLS) were used to process the gathered data. The assumption that management accounting systems have an impact on SMEs' performance is supported by the study's findings.

In 2020, Yamamoto and Suzuki carried out a comparative study on SMEs in Japan to investigate the connection between financial performance and managerial abilities. According to their research, while SMEs' financial success is influenced by a variety of managerial talents, some skills may have a greater impact than others, highlighting the necessity for customized management approaches.

Wong and Tan (2018) investigated the impact of leadership and decision-making abilities on financial success using qualitative interviews with SMEs in Singapore. They discovered through theme analysis that strong leadership and decision-making abilities, which influence operational effectiveness and strategic direction, are essential for SMEs to succeed financially.

Using structural equation modeling (SEM), Chen and Wu (2017) surveyed Taiwanese SME owners and managers to look into the relationship between managerial competencies and financial performance. Their research showed that SMEs' financial success is highly impacted by a variety of managerial competencies, highlighting the need for good management techniques.

Singh and Kapoor (2018) used regression analysis to examine the association between financial success and HRM practices across SMEs in Mumbai, India. They discovered that good HRM practices had a beneficial effect on SMEs' financial performance through survey responses and data analysis of HRM practices.

In the Ikot Ekpene metropolis, Obot and Enidiok (2022) conducted research on accounting services and the financial performance of small and medium-sized businesses. The survey approach was used. Small- and medium-sized business owners in the Ikot Ekpene local government region made up the study's population. The sample size consisted of 383

respondents. The hypotheses were tested using regression analysis. The results demonstrated that the performance of SMEs is greatly impacted favorably by existing accounting practices. This position also was taken by Mohd, and Mohamed, (2013) who examined the role of accounting services and the impact it has on SMEs' performance in the manufacturing sector from the East Coast Region of Malaysia. The AMOS (SEM) and NVivo Software were applied to tabulate the data gathered from the research question. The result revealed that there is a relationship between service quality and the performance of SMEs and also accountant firms. Using a case study research approach, Wach and Tarus (2021) examined the impact of poor record-keeping on SMEs in Rwanda's Musanze District. The study asserts that record-keeping is extremely important to SMEs.

The purpose of the study is to look into how managerial abilities and accounting expertise affect the financial performance of small and medium-sized businesses (SMEs) in Delta State, Nigeria. To accomplish this, a thorough grasp of the study on the relationship between managerial abilities, accounting knowledge, and the financial performance of SMEs in Nigeria was obtained through an empirical review of the literature.

The review was centered on four main themes: the challenges that small and medium-sized enterprises (SMEs) in Nigeria face; the role that managerial skills and accounting knowledge play in SMEs' financial performance; and the relationship between these two factors.

Only two studies—Dauda and Aminu (2019) and Olowu and Aliyu (2015) looked at managerial and accounting skills as critical success factors for SMEs in Bauchi and North-West Nigeria, respectively. Other studies didn't look at the combined phenomena; instead, they examined managerial abilities or accounting expertise seperately. The combine effect of the two elements seems to be of paramount importance. Dauda and Aminu's (2019) and Olowu and Aliyu's (2015) studies both concentrated on the northern region of Nigeria. Therefore, the goal of this study is to apply its findings to Delta State to determine whether managerial abilities and accounting knowledge improve the performance of SMEs in Delta State.

Previous studies have examined the effects of managerial abilities and accounting knowledge separately on financial success. This research adds to the body of knowledge by including both elements in a thorough SEM framework. The study offers a comprehensive

understanding of how managerial competencies and accounting knowledge work together to influence the financial outcomes of SMEs by looking at the interdependencies among these variables. Furthermore, the emphasis on SMEs in Delta State provides a contextualized viewpoint that enables insights adapted to the particular opportunities and problems in this area. By using SEM, this study improves the validity and dependability of the results by capturing the complexity of relationships present in the SME setting, thereby advancing scientific rigor.

All things considered, the empirical analysis of the literature offers valuable insights into the variables affecting the financial performance of SMEs in Nigeria. To the best of our knowledge, no study has examined the three factors in depth. The study will build on the review's findings to examine the effects of managerial and accounting expertise on the financial performance of SMEs in Delta State, Nigeria. The goal of the study is to offer information that can be utilized to create policies and initiatives that would help SMEs in Delta State and throughout Nigeria grow and thrive.

3. MATERIAL AND METHOD

The Survey research method was adopted to ascertain the perception of the selected respondents as to the relationship between accounting knowledge, managerial skills, and Firms' performance. The study covered the entire SMEs in Delta State. We have Three Thousand, Nine Hundred Seventy-Six (3,976) registered SMEs with the Small and Medium Enterprises Development Agency of Nigeria, Delta State office (SMEDAN) (Ogomegbunam, 2023). 5% of the (199) population was judgmentally selected and these firms were sent a copy of the questionnaire to the managers. However, 150 of the questionnaires returned were filled.

The main analytical method used was structural equation modeling or SEM. Multiple correlations between variables can be examined simultaneously, both directly and indirectly. SEM allows for a thorough knowledge of the underlying mechanisms driving financial performance in the context of SMEs by combining latent constructs and observable factors. 150 Staff of SMEs located in Delta State participated in the study, guaranteeing a varied representation of SMEs in a range of sectors and industries. Operating workers, accountants, and SME management were the targets. These respondents gave thorough explanations of their managerial abilities, accounting expertise, and the financial success of their businesses. The main instrument used in this study to collect data was a questionnaire. The survey was

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painstakingly created to gather relevant data about participants' managerial skills, financial performance measures, and accounting expertise. The questionnaire items were designed with care to elicit comprehensive answers, which made a thorough analysis possible inside the SEM framework.

Data collection involved a designed questionnaire specifically created for this research. The questionnaire was divided into three sections;

a. Demographic Information; Gathering information about the participants and their businesses, including age, gender, business size and years of experience.
b. Managerial Skills; assessing the participants' proficiency in management skills such, as planning, decision making, leadership and operational management.
c. Accounting Skills; Evaluating respondents understanding and application of accounting principles financial reporting, budgeting and financial analysis.

The survey was tested with a group of experts to ensure it was clear and relevant. Adjustments were made based on the feedback received. The present study utilizes the structural equation model (SEM) as a potent instrument to investigate the intricate correlations among accounting expertise, management aptitude, and financial outcomes in small and medium-sized enterprises. By taking into account both direct and indirect effects at the same time, SEM offers a comprehensive approach in contrast to traditional regression analyses that evaluate individual associations separately.

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

The variables extracted from the questionnaire distributed are shown below:

		SA	**A**	**U**	**D**	**SD**	**TOTAL**
Aknow 1	You have a basic understanding of accounting principles and concepts.	22	8	15	60	45	150
Aknow 2	You are confident in your ability to prepare and interpret financial statements	20	27	14	72	17	150
Aknow 3	You feel comfortable analyzing financial data and making informed financial decisions	23	15	9	62	41	150

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Aknow 4	You have good understanding of the different types of financial ratios used for performance evaluation.	21	21	11	52	45	150
Aknow 5	You are familiar with the principles and practices of cost accounting?	16	23	15	63	33	150
Aknow 6	Do you have a good understanding of the process of budgeting and forecasting in accounting?	19	21	17	57	36	150
Aknow 7	You have basic knowledge of tax regulations and their impact on financial reporting.	11	38	11	60	30	150
Aknow 8	You are comfortable with using accounting software and other technological tools for financial management?	15	30	17	59	29	150
Aknow 9	You have a high understanding of internal control procedures and their importance in accounting.	13	34	14	59	30	150
Aknow 10	You are comfortable with identifying and resolving accounting errors and discrepancies	14	30	11	63	32	150
Mgrs1	You effectively and efficiently communicate with team members and stakeholders.	23	23	12	54	38	150
Mgrs2	You are confident in delegating tasks and responsibilities to your team members?	19	26	15	59	31	150
Mgrs3	You believe you possess strong problem-solving and decision-making skills	22	24	17	56	31	150
Mgrs4	You are comfortable in motivating and inspiring your team members to achieve their goals.	21	25	16	57	31	150
Mgrs5	You are well-skilled in managing conflict and handling difficult situations within your team?	24	20	15	56	35	150
Mgrs6	Do you believe in effectively managing and prioritizing your time and tasks?	23	22	16	56	33	150

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Mgrs7	Ability to provide constructive feedback and performance evaluations to your team members?	24	21	15	56	34	150
Mgrs8	You are comfortable with adapting to change and leading your team through transitions?	30	9	12	51	48	150
Mgrs9	You believe you possess strong coaching and mentoring skills to develop your team members?	27	15	14	53	41	150
Mgrs10	You are comfortable fostering a positive and inclusive work environment within your team.	29	12	13	52	44	150
Perf1	Please rate the overall financial performance of the company/organization during the past year.	20	17	9	56	48	150
Perf2	The company's/organization's profitability is satisfactory?	25	14	11	54	46	150
Perf3	The company/organization effectively manages its expenses	23	15	10	55	47	150
Perf4	You are satisfied that the company has been generating consistent cash flow?	24	15	10	54	47	150
Perf5	Please rate the company's ability to meet its financial obligations (e.g., debts, payables).	20	18	8	45	59	150
Perf6	Does the company manage its financial risks very well?	22	16	9	50	53	150
Perf7	Do you agree that the company effectively utilizes its financial resources?	22	17	8	47	56	150
Perf8	The company's return on investment (ROI) has been steadily on the increase.	22	17	9	48	54	150
Perf9	End with a thank-you message and provide contact information for the researcher in case the respondents have any questions or concerns.	13	20	14	47	56	150

Source: Response from the Questionnaire administered

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4.2 Test of Hypotheses

Table 1 Model Tests

Label	X^2	Df	p
User Model	5.73e-13	335	1.000
Baseline Model	1.92e0+8	378	< .001

Table 2 Fit indices

			95% Confidence Intervals		
Type	**SRMR**	**RMSEA**	**Lower**	**Upper**	**RMSEA p**
Classical	0.000	0.000	0.000	0.000	1.000
Robust	0.000		0.000	0.000	
Scaled	0.000	0.000	0.000	0.000	1.000

Table 3 User model versus baseline model

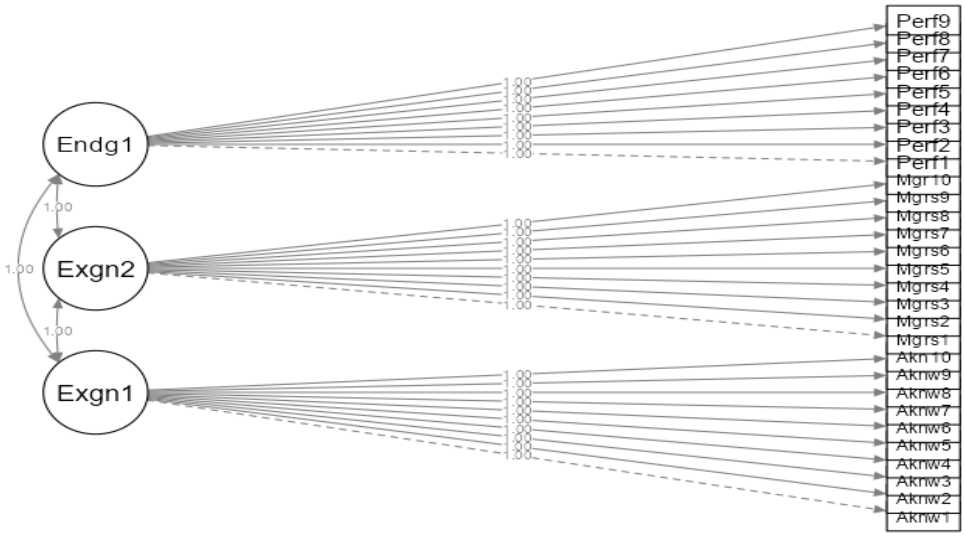
	Model	Scaled
Comparative Fit Index (CFI)	1.000	1.000
Tucker-Lewis Index (TLI)	1.000	1.000

Table 4 Measurement model

					95% Confidence Intervals			β 95% Confidence Intervals		
Label	**Latent**	**Observed**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**Lower**	**Upper**	**p**
1	Exogenous1	Aknow1	1.00	0.00	1.000	1.00	0.999	0.998	1.00	< .001
2	Exogenous 2	Mgrs1	1.00	0.00	1.000	1.00	0.999	0.999	1.00	< .001
3	Endogenous	Perf1	1.00	0.00	1.000	1.00	0.999	0.998	1.00	< .001

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Figure 1: The Path Diagram of the Model



The user model of fitness is 1 which is higher than 5%; this shows that our model is fit. This has also been confirmed by the Comparative Fit Index (CFI), and Tucker-Lewis Index (TLI) which are also non-significant. And the RMSEA of 0.000 also shows that the model is fit. There is a significant difference between the baseline model and the user model as indicated by a p-value of less than.001. Hence the user model is the best fit.

4.2.1 Hypothesis One

Financial performance is positively impacted by accounting knowledge, with a correlation of 1. With a P-value of <0.001, Table 4's P-value confirms the significance of this link. As a result, we can reject the null hypothesis and accept the alternative, which claims that there is a substantial correlation between accounting expertise and Delta State SMEs' financial performance.

This finding which is consistent with previous research (Prempeh et al., 2022; Smith and Brown, 2020; Zhang and Wang, 2018; Lee and Kim, 2019; Gupta and Sharma, 2017; Brown and Johnson, 2016; Surenggono, 2022; Eniola and Entebang, 2017; Jacqueline et al., 2013). Since the coefficient of 1 indicates that accounting knowledge has a significant impact on financial performance, it is clear how crucial precise record-keeping and financial literacy are to the success of SMEs. This emphasizes the need for focused interventions meant to improve the accounting expertise of Delta State's SME managers and owners.

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4.2.2 Hypothesis Two

Financial success is positively influenced by managerial talents, with a correlation of 1. With a P-value of <0.001, Table 4's P-value confirms the significance of this link. As a result, we can reject the null hypothesis and accept the alternative, which claims that managerial abilities and the financial success of SMEs in Delta State are significantly correlated.

The literature (Omerzel, 2019; Umogbaimonica et al., 2018; Ng'ora et al., 2022; Dauda and Aminu, 2019; Park and Lee, 2019; Siti and Nurma, 2023; Yamamoto and Suzuki, 2020; Wong and Tan, 2018; Chen and Wu, 2017; Singh and Kapoor, 2018) likewise confirms the general agreement that managerial skills have a positive effect on the financial performance of SMEs. The noteworthy coefficient of 1 emphasizes how important leadership, strategic planning, and efficient management techniques are to the success of SMEs. The development of managerial competencies among Delta State's small and medium-sized enterprise (SME) stakeholders should be given top priority by policymakers and business support groups.

4.2.3 Hypothesis Three

Financial performance is positively correlated with managerial abilities, accounting knowledge, and both. Table 4's P-value indicates that this association is significant at <0.001, as well. Therefore, we can reject the null hypothesis and accept the alternative, which claims that managerial skills and the financial performance of SMEs in Delta State are not significantly impacted by accounting expertise.

The strong relationship between these variables demonstrates how managerial skills and accounting work in tandem to promote firm expansion and profitability. To optimize SME performance in Delta State, this highlights the necessity of integrated capacity-building programs that cover both accounting knowledge and managerial abilities.

CONCLUSION AND RECOMMENDATION

The significance of SMEs in the economic growth and development of Delta State and Nigeria at large makes the study noteworthy. However, a lot of SMEs deal with issues that can impede their development and financial performance, like a lack of funding, insufficient managerial abilities, and subpar accounting procedures.

In conclusion, the study used a quantitative research design guided by three hypotheses and a theoretical framework based on agency theory, resource-based theory, and contingency theory to examine the effects of managerial abilities and accounting knowledge on the financial performance of SMEs in Delta State, Nigeria. The goal of the study was to offer information

that would help with the creation of policies and initiatives that would aid in the expansion and advancement of SMEs in Delta State and throughout Nigeria.

Based on the study's findings, it can be said that managerial abilities and accounting expertise play a significant role in SMEs' financial success in Delta State, Nigeria. According to the survey, SMEs with stronger managerial and accounting expertise typically outperform their competitors financially.

As a result, the study suggests that stakeholders and legislators concentrate on improving the managerial and accounting expertise of SMEs in Delta State. Programs for capacity-building and training that are specifically designed to meet the requirements of SMEs across various industry sectors can help achieve this.

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