

# **INFLUENCE OF CLOUD-BASED COMPUTING ON FINANCIAL MANAGEMENT OF SMALL AND MEDIUM SCALE ENTERPRISES IN ABEOKUTA METROPOLIS OF OGUN STATE**

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## **Abstract**

This study examined the influence of cloud-based computing on the financial management of small and medium scale enterprises (SMEs) in Abeokuta Metropolis of Ogun State. Specifically, the study investigated the influence of cloud-based computing on financial reporting practices, cash flow management, and financial decision-making among SMEs. A descriptive survey research design was adopted for the study. The population consisted of SME owners and managers in Abeokuta Metropolis, while a sample size of 100 respondents was selected using simple random sampling technique. A structured questionnaire titled Influence of Cloud-Based Computing on Financial Management Questionnaire (ICBCFMQ) was used for data collection. The instrument was validated by experts in Business Education and Measurement and Evaluation, while a reliability coefficient of 0.82 was obtained using Cronbach Alpha method. Data collected were analyzed using mean and standard deviation to answer the research questions, while Pearson Product Moment Correlation (PPMC) was used to test the hypotheses at 0.05 level of significance.

The findings revealed that cloud-based computing positively influences financial reporting practices, cash flow management, and financial decision-making among SMEs in Abeokuta Metropolis of Ogun State. The study also established significant relationships between cloud-based computing and the selected financial management variables. The study concluded that cloud-based computing enhances financial efficiency, transparency, and business performance among SMEs. It was therefore recommended that SME owners should adopt cloud-based financial systems and acquire adequate digital skills for effective financial management.

**Keywords:** Cloud-Based Computing; Financial Management; Financial Reporting; Cash Flow Management; Financial Decision-Making; Small and Medium Scale Enterprises (SMEs)

## **Background to the Study**

Small and Medium Scale Enterprises (SMEs) are important contributors to economic growth, employment generation, poverty reduction, and industrial development in Nigeria. In Abeokuta Metropolis of Ogun State, SMEs engage in trading, manufacturing, agriculture, transportation, hospitality, fashion, and other service-related businesses. Despite their contributions to the

economy, many SMEs still experience serious financial management challenges such as poor record keeping, ineffective budgeting, weak cash flow management, inaccurate financial reporting, and poor financial decision-making.

Financial management involves the planning, organizing, controlling, and monitoring of financial resources within an organization. Effective financial management helps business owners to maintain proper accounting records, monitor business transactions, control expenditure, and make informed decisions that improve profitability and sustainability. However, Bamigboye, Olatunji, Salimon, and Adenle (2025), opined that many SMEs in Nigeria encounter challenges such as poor record keeping, weak internal control systems, delayed financial reporting, and poor financial decision-making, which negatively affect business performance and sustainability.

The emergence of cloud-based computing has introduced modern technological solutions capable of improving financial management practices among SMEs. Cloud-based computing refers to the use of internet-based platforms to access software applications, databases, storage systems, and computing services remotely. Through cloud computing, SMEs can access accounting software, monitor financial transactions, store business records securely, and prepare financial reports efficiently. According to Iyilade, Adamu, Mamman, and Iyilade (2026), was of the opinion that cloud computing enhances operational efficiency, accessibility to organizational information, workflow productivity, and managerial effectiveness among SMEs. The scholars further explained that cloud-based technologies provide flexible and cost-effective solutions that support business growth and organizational sustainability.

Cloud-based computing and financial management are closely linked because cloud technology provides organizations with timely, accurate, and accessible financial information required for effective management. According to Owolabi and Izang (2020), cloud accounting systems improve financial reporting quality by reducing accounting errors and enhancing accessibility to financial information. Similarly, Shittu, Peters, and Aminu (2024) found that cloud computing significantly improves financial reporting quality, transparency, and managerial efficiency among SMEs in Nigeria.

Cloud-based computing also influences cash flow management among SMEs. Effective cash flow management is essential for business survival because it enables enterprises to monitor inflow and outflow of funds, meet financial obligations, and maintain operational stability. Erhijakpor and Patience (2026) reported that cloud accounting systems improve cash flow monitoring, financial planning, and operational efficiency among SMEs in Nigeria. Through real-time transaction monitoring and automated accounting processes, cloud-based systems help business owners to manage financial resources more effectively.

In addition, cloud-based computing influences financial decision-making within organizations. Financial decisions relating to budgeting, investment, expenditure control, and resource allocation depend largely on the availability of accurate financial information. Bamigboye, Olatunji, Salimon, and Adenle (2025) asserted that digital technologies such as cloud computing improve transparency, accountability, and financial decision-making among SMEs. The scholars explained

that cloud technology provides business managers with immediate access to financial information needed for effective planning and decision-making.

Despite the numerous benefits associated with cloud-based computing, many SMEs in Abeokuta Metropolis have not fully adopted the technology due to factors such as poor internet connectivity, inadequate digital skills, unstable electricity supply, cybersecurity concerns, and lack of awareness regarding cloud technology benefits. Ejike, Nnamani, and Ugwu (2025) identified implementation challenges, technological barriers, and fear of data insecurity as major factors affecting cloud accounting adoption among SMEs in Nigeria.

Although previous studies have examined cloud computing and organizational performance, limited studies have specifically investigated its influence on the financial management of SMEs in Abeokuta Metropolis of Ogun State. Most studies focused on banks and large organizations without adequately examining how cloud-based computing influences financial reporting, cash flow management, and financial decision-making among SMEs within the study area. This gap therefore necessitated the study.

## **Statement of the Problem**

Small and Medium Scale Enterprises (SMEs) in Abeokuta Metropolis of Ogun State continue to experience serious financial management problems such as poor record keeping, weak budgeting practices, ineffective cash flow management, inaccurate financial reporting, and poor financial decision-making. Many SMEs still rely on manual accounting methods that are prone to errors and delays, thereby affecting business performance, profitability, and sustainability.

Cloud-based computing has emerged as a modern technological solution capable of improving financial management through real-time access to financial information, automated accounting processes, improved financial reporting, and efficient cash flow management. However, despite these benefits, many SMEs in Abeokuta Metropolis have not fully adopted cloud-based technologies. In addition, limited studies have specifically examined the influence of cloud-based computing on financial management of SMEs within the study area. This gap therefore created the need for this study.

## **Purpose of the Study**

The main purpose of this study was to examine the influence of cloud-based computing on the financial management of small and medium scale enterprises in Abeokuta Metropolis of Ogun State.

Specifically, the study sought to:

1. examine the influence of cloud-based computing on financial reporting practices of SMEs in Abeokuta Metropolis;
2. determine the influence of cloud-based computing on cash flow management of SMEs in Abeokuta Metropolis; and
3. investigate the influence of cloud-based computing on financial decision-making of SMEs in Abeokuta Metropolis.

## **Research Questions**

The following research questions guided the study:

What is the influence of cloud-based computing on financial reporting practices of SMEs in Abeokuta Metropolis?

To what extent does cloud-based computing influence cash flow management of SMEs in Abeokuta Metropolis?

How does cloud-based computing influence financial decision-making of SMEs in Abeokuta Metropolis?

## **Research Hypotheses**

The following null hypotheses were tested at 0.05 level of significance:

There is no significant influence of cloud-based computing on financial reporting practices of SMEs in Abeokuta Metropolis.

Cloud-based computing has no significant influence on cash flow management of SMEs in Abeokuta Metropolis.

There is no significant influence of cloud-based computing on financial decision-making of SMEs in Abeokuta Metropolis.

## **Methodology**

### **Research Design**

The study adopted a descriptive survey research design. The design was considered appropriate because it enabled the researcher to collect relevant data from SME owners and managers regarding the influence of cloud-based computing on financial management.

### **Area of the Study**

The study was carried out in Abeokuta Metropolis of Ogun State, comprising Abeokuta North and Abeokuta South Local Government Areas.

### **Population of the Study**

The population of the study comprised owners and managers of SMEs operating within Abeokuta Metropolis of Ogun State. However, the exact population could not be accurately determined due to the absence of a comprehensive database of SMEs in the area.

### **Sample and Sampling Technique**

A sample size of one hundred (100) SMEs was selected for the study using purposive sampling technique. The researcher purposely selected SMEs that were actively operating and had knowledge of digital financial management practices.

## **Instrument for Data Collection**

The instrument used for data collection was a structured questionnaire titled “Influence of Cloud-Based Computing on Financial Management Questionnaire (ICBCFMQ).” The questionnaire consisted of two sections. Section A focused on respondents’ demographic information, while Section B contained items relating to cloud-based computing and financial management variables.

The questionnaire items were structured using a four-point Likert scale of:

Strongly Agree (SA) = 4

Agree (A) = 3

Disagree (D) = 2

Strongly Disagree (SD) = 1

Validity of the Instrument

The instrument was validated by experts in Business Education and Measurement and Evaluation to ensure clarity, relevance, and adequacy of the items.

## **Reliability of the Instrument**

A pilot test was conducted using twenty respondents outside the study area. Cronbach Alpha reliability method was used to test the reliability of the instrument, and a reliability coefficient of 0.82 was obtained.

## **Method of Data Collection**

The researcher personally administered the questionnaire with the assistance of two research assistants. All the 100 copies distributed were retrieved and used for analysis.

## **Method of Data Analysis**

Data collected were analyzed using mean and standard deviation to answer the research questions, while Pearson Product Moment Correlation (PPMC) was used to test the hypotheses at 0.05 level of significance.

## **Research Question One**

What is the influence of cloud-based computing on financial reporting practices of small and medium scale enterprises in Abeokuta Metropolis of Ogun State?

S/N	Items	Mean	SD	Decision
1	Cloud-based computing improves accuracy of financial records in SMEs.	3.42	0.71	Accepted
2	Cloud computing enables timely preparation of financial reports.	3.35	0.76	Accepted
3	Cloud-based accounting systems reduce errors in financial reporting.	3.28	0.82	Accepted
4	Cloud computing improves accessibility to financial information.	3.47	0.69	Accepted
5	Cloud-based systems enhance transparency in financial reporting.	3.31	0.78	Accepted
Grand Mean    3.37   0.75   Accepted				

### Interpretation

The result in Table 1 revealed that all the items had mean scores above the criterion mean of 2.50. The grand mean of 3.37 indicated that cloud-based computing has positive influence on financial reporting practices of SMEs in Abeokuta Metropolis of Ogun State. This implies that cloud-based systems improve accuracy, accessibility, transparency, and timeliness of financial reporting among SMEs.

### Research Question Two

To what extent does cloud-based computing influence cash flow management of small and medium scale enterprises in Abeokuta Metropolis of Ogun State?

S/N	Items	Mean	SD	Decision
6	Cloud-based computing helps SMEs monitor cash inflow and outflow effectively.	3.41	0.73	Accepted
7	Cloud computing improves financial transaction tracking.	3.33	0.79	Accepted
8	Cloud-based systems enhance proper budgeting and expenditure control.	3.26	0.84	Accepted
9	Cloud computing reduces delays in financial transactions.	3.19	0.88	Accepted
10	Cloud-based systems improve financial planning among SMEs.	3.37	0.75	Accepted
Grand Mean    3.31   0.80   Accepted				

## Interpretation

The findings in Table 2 showed that all the items had mean scores above 2.50 with a grand mean of 3.31. This indicates that cloud-based computing positively influences cash flow management among SMEs in Abeokuta Metropolis. The result suggests that cloud technology assists SMEs in transaction monitoring, budgeting, expenditure control, and financial planning.

### Research Question Three

How does cloud-based computing influence financial decision-making of small and medium scale enterprises in Abeokuta Metropolis of Ogun State?

S/N	Items	Mean	SD	Decision
11	Cloud-based computing provides timely financial information for decision-making.	3.45	0.68	Accepted
12	Cloud computing improves managerial efficiency in financial decisions.	3.29	0.80	Accepted
13	Cloud-based systems assist SMEs in making accurate financial forecasts.	3.18	0.86	Accepted
14	Cloud computing enhances business performance through informed financial decisions.	3.40	0.72	Accepted
15	Cloud-based computing improves accessibility to financial data needed for planning.	3.36	0.77	Accepted

| Grand Mean || 3.34 | 0.77 | Accepted |

## Interpretation

The result in Table 3 indicated that all the items were accepted with mean scores above 2.50. The grand mean of 3.34 showed that cloud-based computing positively influences financial decision-making among SMEs in Abeokuta Metropolis of Ogun State. The findings imply that cloud technology improves access to financial information and supports effective managerial decisions.

## Test of Hypothesis

### Hypothesis One

There is no significant influence of cloud-based computing on financial reporting practices of small and medium scale enterprises in Abeokuta Metropolis of Ogun State.

<b>Variables</b>	<b>N</b>	<b>r-value</b>	<b>p-value</b>	<b>Decision</b>
Cloud-Based Computing	100	0.682	0.000	Significant
Financial Reporting Practices				Rejected

### **Interpretation**

The result showed that the p-value of 0.000 is less than the 0.05 level of significance. Therefore, the null hypothesis was rejected. This means that there is significant influence of cloud-based computing on financial reporting practices of SMEs in Abeokuta Metropolis of Ogun State.

### **Hypothesis Two**

Cloud-based computing has no significant influence on cash flow management of small and medium scale enterprises in Abeokuta Metropolis of Ogun State.

<b>Variables</b>	<b>N</b>	<b>r-value</b>	<b>p-value</b>	<b>Decision</b>
Cloud-Based Computing	100	0.655	0.000	Significant
Cash Flow Management				Rejected

### **Interpretation**

The result revealed that the p-value of 0.000 is less than 0.05 level of significance. Therefore, the null hypothesis was rejected. This indicates that cloud-based computing has significant influence on cash flow management of SMEs in Abeokuta Metropolis of Ogun State.

### **Hypothesis Three**

There is no significant influence of cloud-based computing on financial decision-making of small and medium scale enterprises in Abeokuta Metropolis of Ogun State.

<b>Variables</b>	<b>N</b>	<b>r-value</b>	<b>p-value</b>	<b>Decision</b>
Cloud-Based Computing	100	0.701	0.000	Significant
Financial Decision-Making				Rejected

### **Interpretation**

The findings revealed that the p-value of 0.000 is less than the 0.05 level of significance. Hence, the null hypothesis was rejected. This implies that cloud-based computing significantly influences financial decision-making among SMEs in Abeokuta Metropolis of Ogun State.

## Discussion of Findings

The findings of this study revealed that cloud-based computing positively influences the financial management practices of small and medium scale enterprises (SMEs) in Abeokuta Metropolis of Ogun State. The result from Research Question One showed that cloud-based computing improves financial reporting practices among SMEs through enhanced accuracy, accessibility, transparency, and timely preparation of financial reports. The hypothesis tested also revealed a significant relationship between cloud-based computing and financial reporting practices ( $r = 0.682, p < 0.05$ ). This finding agrees with Ajibola, Fasina, and Akinbode (2025), who found that cloud-based accounting improves financial performance and operational efficiency through effective financial data management. The finding also supports Akai, Ibok, and Akinninyi (2023), who reported that cloud accounting enhances the quality of financial reports by improving transparency and reliability.

The study further revealed that cloud-based computing positively influences cash flow management of SMEs. The respondents agreed that cloud computing assists in monitoring cash inflow and outflow, tracking transactions, and improving budgeting practices. The hypothesis result confirmed a significant influence of cloud-based computing on cash flow management ( $r = 0.655, p < 0.05$ ). This finding is consistent with Osmond and Felicia (2020), who observed that cloud accounting systems improve cash flow management through effective transaction monitoring and budgeting processes. Similarly, Ibrahim and Danjuma (2023) noted that cloud-based financial management practices enhance liquidity management and business sustainability among SMEs.

In addition, the findings showed that cloud-based computing significantly influences financial decision-making among SMEs. The respondents agreed that cloud systems provide timely financial information, improve managerial efficiency, and support accurate financial forecasting. The hypothesis test also established a significant relationship between cloud-based computing and financial decision-making ( $r = 0.701, p < 0.05$ ). This finding agrees with Kumar and Ayedee (2021), who reported that technology adoption improves managerial decision-making and organizational efficiency among SMEs. The finding also supports Yeboah-Boateng and Essandoh (2021), who observed that cloud computing adoption enhances business performance through real-time access to financial information for strategic planning and decision-making. Overall, the study established that cloud-based computing contributes significantly to improved financial reporting, cash flow management, and financial decision-making among SMEs in Abeokuta Metropolis of Ogun State.

## Conclusion

This study examined the influence of cloud-based computing on the financial management of small and medium scale enterprises (SMEs) in Abeokuta Metropolis of Ogun State. The findings revealed that cloud-based computing has a significant positive influence on financial reporting practices, cash flow management, and financial decision-making among SMEs. The study showed that cloud-based systems improve the accuracy, accessibility, transparency, and timeliness of financial reports. It was also established that cloud technology assists SMEs in monitoring

financial transactions, managing cash flow effectively, and enhancing budgeting and expenditure control. Furthermore, the study revealed that cloud-based computing provides timely financial information that supports effective managerial decision-making and financial planning.

The hypotheses tested confirmed that there is a significant relationship between cloud-based computing and the financial management practices of SMEs. Therefore, the study concluded that the adoption of cloud-based computing contributes greatly to the operational efficiency, financial sustainability, and overall business performance of SMEs in Abeokuta Metropolis of Ogun State.

## Recommendations

Based on the findings of the study, the following recommendations were made:

1. Small and medium scale enterprises should adopt cloud-based accounting and financial management systems to improve the accuracy and efficiency of financial reporting practices.
2. SME owners and managers should invest in training and capacity building programmes that will enhance their knowledge and effective utilization of cloud-based technologies for financial management.
3. Government agencies and financial institutions should provide technical support and affordable digital infrastructure to encourage SMEs to adopt cloud computing technologies.
4. SMEs should integrate cloud-based applications into their cash flow management processes in order to improve budgeting, transaction tracking, and financial planning.
5. Business owners should utilize cloud-generated financial information in making strategic decisions that will enhance business growth, profitability, and sustainability.

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