

**RESEARCH ARTICLE****Effect of Mental Accounting on the Growth and Development of Small and Medium-scale Enterprises in Nigeria****¹Leonard Uwadiegwu Olife ²Ozioko, Anastasia Chinonye and ²Ukwueze, Thaddeus***Enugu State Polytechnic, Iwollo¹⁻³****Corresponding Author: Ozioko, Anastasia Chinonye | Enugu State Polytechnic, Iwollo****ABSTRACT**

This study examined the effect of mental accounting on the growth and development of small and medium enterprises in Nigeria. The study seeks to investigate the effect of transaction utility, categorization process, and choice bracketing on the growth and development of small and medium enterprises. The study adopts a cross-sectional survey. Data were collected using a self-developed questionnaire. To ensure reliability, the questionnaire was pre-tested on 20 respondents. This study assumed a reliability coefficient (Alpha value) of more than 0.7 to reflect acceptable reliability. Two methods of analysis were adopted for the data analysis. One method consists of the use of simple descriptive analytical tools such as simple percentages. The second method shall be the test of the hypothesis using the X^2 (chi-square) non-parametric statistical tool. The result revealed that transaction utility has a significant positive effect on the growth and development of small and medium enterprises ($X^2 = 25.00$ at a 5% significant level). While categorization process has a significant positive effect on the growth and development of small and medium enterprises ($X^2 = 17.42$ at 5% significant levels). And Choice bracketing has a significant positive effect on the growth and development of small and medium enterprises ($X^2 = 12.82a$ at a 5% significant level). We concluded that mental accounting has a significant positive effect on the growth and development of small and medium enterprises in Nigeria. We recommended that government should endeavor to make policies to support the growth and development of small and medium enterprises.

Keywords: *Development; Growth; Mental Accounting; Small and Medium-scale Enterprises*

Introduction

Accounting is a ubiquitous part of any business activity. Perhaps, for a business to grow to expectation, proper accounting procedures must be observed. Mental accounting is an accounting term denoting an individual's propensity to assign assets in various forms. Individuals divide their current and future assets into separate, non-transferable portions. In other words, individuals assign different levels of utility to each asset group, which affects their consumption decisions and other behaviors. Mental accounting means that the way a person subjectively frames a transaction in their mind will determine the utility they receive or expect. Mental accounting influences human emotions in the process of decision-making (Mahmoud, Mahdi, Saideh, & Hasan, 2013). Rather than rationally viewing every money as identical. Through mental accounting, some investors assign some of their income as safety capital. In this case, investors tend to invest their safety capitals in low-risk investments, whereas, they tend to designate some assets as risk capital which otherwise is treated quite differently. The joy of a transaction is the value received from an exchange, and it is defined as the difference between the paid price and the goods' reference price (Barberis & Ming, 2001).

The concept of mental accounting is studied in tri-components, firstly, mental accounting is categorized into transaction utility which captures how incomes are framed and managed, and how decisions are made and subsequently evaluated. For instance, money earned through hard work is always treated more seriously compared to money earned through gifts which are usually perceived as unexpected, less serious, and costless (Ocury, 2000). Secondly, mental accounting is composed of categorizing process whereby accounts are specified based on activities. In this case, both the sources and uses of funds are labeled in real as well as in mental accounting systems; expenditures are grouped into categories, and spending is sometimes constrained by implicit or explicit budgets. For example, consumers tend to label both resources and consumption and group them into accounts such as

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regular income versus bonus gains and necessary consumption. Moreover, consumers have systematic preferences for matching certain mental accounts, such as when they prefer to pay for luxurious consumption with unexpected income (Thaler, 2000). Finally, mental accounting involves choice bracketing which concerns the frequency with which mental accounts are evaluated (e.g., daily, weekly, yearly) and whether they are defined narrowly or broadly. This, according to (Prelec & Loewenstein, 2000), might suggest that consumers who balance their accounts every week, as opposed to once a month, are more likely to spend unexpected gains on luxuries during the same week the money was won than a week later.

By definition, Small and Medium Scale enterprises are businesses with investments in fixed assets (excluding land) of not more than Ten Million Naira. There are several other criteria by different authors and scholars to describe Small Medium Scale enterprises. A significant aspect of small and medium-scale enterprises is in the following developing areas, creation of employment, stimulation of indigenous entrepreneurship, the transformation of traditional industry, linkage effort, and contribution to regional activities or cooperation. To Adewolu (2005) small and medium-scale enterprises are activities undertaken by a person or group of persons for the provision of goods and services to meet the present and future needs of third parties at a price and for a profit through the management of available resources.

It is common knowledge that organizations, large and small alike, struggle to develop in an external operating environment that is characterized by turbulence and uncertainty. Among the challenges in the Nigerian environment that limit SME's growth include the lack of access to credit, management skills, communication, and infrastructure. Lack of managerial accounting skills for decision making and lack of technical skills. Nevertheless, mental accounting as a factor could have a contributory effect on the growth and development of SMEs

Statement of the Problem

Although small business enterprises contribute largely to the growth of Nigeria's economy, SMEs seem to be the highest employment opportunity among the people of Nigeria. The role of SMEs in humanity cannot be over-emphasized. Perhaps, a look at the everyday activities of small business operators, such as those found in Onitsha, Anambra state, and Aba in Abia state may suggest that small business encounters no difficulties based on the perceived resilience of the operators. Perhaps, small business enterprises in Nigeria are characterized by varying challenges that mental accounting could be among. Therefore, this present study intends to investigate mental accounting a previously unexplored accounting mechanism that could impact the growth and development of small and medium business enterprises in Nigeria.

Objective of the Study

The main objective of this study is to investigate the effect of mental accounting on the growth and development of small and medium enterprises in Nigeria. The specific objectives are;

- i. To investigate the effect of transaction utility on the growth and development of small and medium enterprises.
- ii. To examine the effect of the categorization process on the growth and development of small and medium enterprises.
- iii. To ascertain the effect of choice bracketing on the growth and development of small and medium enterprises.

Hypothesis of the Study

- i. Transaction utility has no significant positive effect on the growth and development of small and medium enterprises.
- ii. Categorization process has no significant positive effect on the growth and development of small and medium enterprises.
- iii. Choice bracketing has no significant positive effect on the growth and development of small and medium enterprises.

Review of Related Literature

Conceptual Review

Mental accounting, sometimes known as psychological accounting, aims to explain how people classify, categorize, and assess economic outcomes (Zhang, et al 2018). Richard Thaler initially gave the idea a name (Heath, and Soll 1996). Budgeting and categorization of expenses are two topics covered by mental accounting. People allocate funds to various spending categories or mental accounts, such as saving for a home (e.g., gas money, clothing, utilities). According to Henderson and Peterson (1992), mental accounts are thought to function as a self-control tactic. It is

assumed that people keep mental accounts to manage and keep tabs on their resources and spending. Soman and Cheema (2006) People are also thought to create mental budgets to aid in saving for more significant goals (e.g., a home or college tuition). Belsky (2014). Its consequences are fairly substantial and, like many other cognitive processes, it can lead to biases and regular deviations from morally upright, value-maximizing behavior. Making wise decisions and minimizing human error requires an understanding of the limitations and inefficiencies of mental accounting.

Reasons for Mental Accounting

There have been many theories put out as to why people engage in mental accounting. Because each transaction is evaluated on its mental account, according to some experts, it facilitates decision-making (Thaler, 1990; Davies, 2003). Because a sensible choice would more likely come from weighing several options together, this could lead to irrational behavior. Mental accounting can occasionally conflict with rational thought, as Hastings and Shapiro (2012) discovered when they tested it in response to fuel pricing. However, evaluating multiple alternatives at once makes decision-making difficult and time-consuming (Ramphal, 2006). This brings into play Herbert A. Simon's idea of bounded rationality, which talks about the limits of human intellectual capacity (Simon, 1996). Consequently, this explains the variations between ideal and actual behavior.

Transaction Utility

Consumers benefit from a transaction when they receive value from the deal itself. Depending on how the real price compares to a reference price. For illustration, the typical price or a price the consumer anticipated may be used as a guide. Positive transaction utility encourages the customer to purchase a particular item when something is less expensive than the reference price. In other words, transaction utility is a measurement of the satisfaction of finding a deal, which affects customer decision-making. It is important for salespeople to improve their marketing strategies and for customers to avoid the temptation to buy something just because it is inexpensive by understanding how transaction utility affects behavior (Stephan et al 2011).

Categorization Process

Information can be grouped according to characteristics through categorization. By facilitating the rapid recall and assessment of pertinent information, this structure enhances cognitive efficiency (Henderson & Peterson, 1992). In the area of consumer finance, classifying finances can make it easier to digest data and assess financial choices. Without such classification, a person would have to think about her entire financial situation before making almost any consumption decisions. One aspect of mental accounting that includes allocating actions to particular accounts is categorization. In both physical and mental accounting systems, the sources and uses of money are identified. Housing, food, and other kinds of expenses are bundled together, and spending may occasionally be limited by implicit or explicit budgets. Additionally, funds for spending are classified as flows (normal income as opposed to windfalls) and stocks (cash on hand, home equity, pension wealth, etc.). These stories serve as examples of the categorizing procedure.

Choice Bracketing

Choice bracketing is a term used to describe the method of classifying funds by combining the results of choices or events (Read, Loewenstein, & Rabin, 1999). You can define brackets generically across extremely large sets of options or specifically over very tiny sets of options. For instance, while determining whether to make a purchase, a person may take into account only the purchases made so far on this shopping trip (narrow bracketing) or the collection of all purchases made during the week across all retailers (broad bracketing). Choice bracketing is significant because it makes it easier to define different mental accounts. Grouping funds depending on when they will be used in the future is a crucial and frequent method that choice bracketing behavior takes shape. People can decide to temporarily mix or divide various expenses into the same or different mental accounts (Linville & Fischer, 1991; Thaler & Johnson, 1990).

Small and Medium Scale Enterprise

A review of the literature on small and medium-sized businesses (SMEs) reveals that the definition of SMEs differs greatly from country to country depending on variables like the country, the number of employees, the value of fixed assets, production capacity, fundamental characteristics of inputs, level of technology used, capital employed, management characteristics, economic development, and the specific problems faced by SMEs (Eniola & Entebang, 2015). SMEs are increasingly vital for driving Nigeria's economic progress. SMEs make up around 90% of all enterprises in Nigeria and are responsible for more than 80% of local employment. It is impossible to emphasize the importance of SMEs to the Nigerian economy. According to IFC research, 90% of MSMEs on the African continent

are micro or informal businesses, and the other 10% are formal SMEs (8.6% are tiny and 1.4% are medium-sized) (IFC, 2010; Ketley, Lightfoot, Jakubec, & Little 2012). Nearly 96% of Nigerian enterprises, according to studies by the IFC, are SMEs. According to Nigeria's National Policy on Micro, Small, and Medium Enterprises (MSMEs), micro-enterprises are those with fewer than ten employees and assets worth less than N5 million. Small enterprises have between 10 and 49 employees and assets worth N5 million and N50 million, while medium-sized businesses have between 50 and 199 employees and assets worth N50 million and N500 million.

Theoretical framework

The goals of the study were based on two theoretical frameworks: Kirchler et al's slipper's slope framework and the mental accounting theory, which was developed by behavioral economists like Thaler (1985, 1990). (2008). Following Thaler's hypotheses, the mental accounting theory postulates that people establish psychological accounts in which they allocate budgets for their income and that this influences their spending behavior (just as accountants do in books of accounts) (1999). This theory is the basis of the first hypothesis. It is predicated on the idea that people who make mental allowances for taxes are likely to pay taxes voluntarily, while people who don't make allowances for taxes are probably not going to pay taxes voluntarily but might do so if they feel compelled to that is if they can't escape the reach of the law. The paradigm for the slippery slope implies both enforced and voluntary tax compliance. It looks at how well economic and non-economic factors contribute to tax compliance. According to the theory, voluntary compliance derives from perceived trust in tax authorities, whereas enforced compliance results from perceived authority. The two characteristics of the tax authorities their strength and their reliability—are seen to balance one another in promoting tax compliance (Tsikas, 2017).

Empirical Review

Nicholas *et al* (2016) study was based on the structural model of mental accounting. Consumers infrequently update their desired expenditure shares in finitely-many consumption categories. Dynamic consumption decisions are affected by consumers' most recent spending habits relative to their pre-determined, implicit mental account budgets. Their model shows that consumers can exhibit loss aversion concerning over- and underspend relative to a pre-set mental account budget. This is a result of mental accounting inducing lower or higher levels of savings than in the consumption model without mental accounting. Our future work will use the framework presented here to estimate the frequency with which individuals update their mental accounts using transaction-level expenditure data.

Marcus *et al* (2020) researched the influence of mental accounting, perceived trust, and power of revenue authorities on tax compliance among SMEs in Zimbabwe. The study objectives are therefore to i) examine the influence of mental accounting on tax compliance ii) examine the influence of trust in revenue authorities on tax compliance and iii) examine the influence of perceived authority of revenue officers on tax compliance. The target population comprises self-employed taxpayers because these currently comprise the highest form of employment among Zimbabweans. A questionnaire is used as the data collection tool, with constructs adopted from some scholars. Self-employed taxpayers registered under the Small to Medium Enterprises Association of Zimbabwe (SMEAZ). Those who are based in Harare are selected using a simple random selection method. The STATA software package is used to analyze data. The nature of relationships that exist among the variables under study are established and reported on. It is based on these findings which include that there was a strong positive relationship between perceived trust in tax authorities and voluntary compliance when recommendations are made.

Xu Yang, and Runmao Li (2020)'s research on the influence of mental accounting on intellectual production value-output ratio of knowledge-based workers under the trend of china's intellectual production. This paper uses the questionnaire survey method, variable measurement method, and statistical analysis method, based on the survey data of four cities, variable measurement, and statistical analysis, including respectively, the influence of mental accounting on the intellectual production value-output ratio of knowledge-based workers is significantly positively correlated, the positive influence of a single mental accounting on the intellectual production value-output ratio of knowledge-based workers is not significant, and multiple mental accountings have a significant positive effect on the intellectual production value output of knowledge-based workers, and the positive effect of the output ratio is obvious. The results show that the results are consistent with the hypothesis through four steps: validity analysis, common method deviation test, descriptive statistical analysis, and hypothesis test. There is a significantly positive effect based on the influence of mental accounting on the intellectual production value-output ratio of knowledge-based workers. However, it should be noted that single mental accounting hasn't a significant impact on the intellectual production value-output ratio of knowledge-based workers. Therefore, multiple mental accounting combinations should be selected as far as possible in statistical analysis to obtain more scientific and reasonable

results. Finally, it gives some suggestions on how to master the mental accounting of knowledge-based workers and how to motivate them effectively.

Arini *et al* (2022) conducted research on risk attitudes, mental accounting, and overconfidence in investment placement decisions during and post Covid-19. The purpose of the study is to analyze and explain: 1) The influence of risk attitudes on company performance through decisions on the placement of working capital funds for small and medium enterprises (SMEs), 2) The effect of risk attitudes on company performance in SMEs 3) the effect of working capital fund placement decisions on the performance of SMEs. The study population was all garment, weaving, carving, and batik SMEs in Jepara. The sampling technique is non-probability sampling, using assessment sampling. This study found that overconfidence behavior and risk attitude have a significant influence on investment decision-making. Mental accounting doesn't have a significant influence on investment decision-making. The more investors are willing to face risks and the higher the overconfidence will increase in investment decisions. The number of investors who are risk seekers in the capital market is a natural thing because stock investment is included in the high-risk investment category. Mental accounting can not influence investment decision-making.

Gbemigun, and Agbaje (2022) researched financial accounting literacy and the growth of small and medium-scale enterprises (SMEs) in Ondo State. The study adopted a descriptive research design and obtained data from a structured questionnaire, the respondents targeted were Small and Medium Enterprises (SMEs). Data were analyzed using percentages, frequencies, means, and ANOVA. Thus, the study concluded that there is a significant relationship between financial accounting literacy and the growth of SMEs in Ondo State thereby influencing their growth and development as it is also essential for the survival and continuity of any SME.

Methodology

The study adopts a cross-sectional survey. Small and medium enterprises within Abia, and Enugu state will make up the population. Whereas, the participants will be randomly selected from this population. The researchers chose to study small business enterprises in these states based on the observed high concentration of small and medium business operators in these states. Data will be collected using a self-developed questionnaire. The questionnaire was divided into two sections. Section 1 contains the personal data of the respondents, such as age, marital status, educational background, gender, and length of service. Section 2 questions were designed to elicit information on the research objectives and are constructed on a five-point scale of Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. In this study, ensuring the validity of the data collection instrument involved going through the questionnaire about the set objectives and ensuring that it contains all the information that can answer these objectives. Reliability measures the degree to which a research instrument yields consistent results or data after repeated trials. To ensure reliability, the questionnaire was pre-tested on 20 respondents. This study assumed a reliability coefficient (Alpha value) of more than 0.7 to reflect acceptable reliability. Two methods of analysis were adopted for the data analysis. One method consists of the use of simple descriptive analytical tools such as simple percentages. The second method shall be the test of the hypothesis using the χ^2 (chi-square) non-parametric statistical tool given by the statistic:

$$\chi^2 = \frac{\sum fo - \sum fe}{\sum fe}$$

Where,

Fo = observed frequency

Fe = expected frequency

Decision Rule: = If χ^2 calculated is $\geq \chi^2$ table reading, then reject H_0 and Accept H_A .

If χ^2 cal. is $\geq \chi^2$ critical at the 5% level, (that is, 95% confidence interval), Reject the null hypotheses. Do not reject H_0 if the reverse is the case.

Data Presentation and Analysis

Questionnaire Return Rate

The questionnaire was distributed to 70 respondents, out of which 50 returned, representing a response rate of 84%. The response rate table is given below.

Table 1: Questionnaire Response Rate

Respondents	Distributed	Returned	% Returned	Not Returned	% Not Returned
	70	50	71	20	29

Source: Field Survey, 2022

Analyses of Biographic Data

Table 2: Demographic Distribution of Respondents

Description	Respondents	Percentage
<i>Gender</i>		
Male	30	60
Female	20	40
Total	50	100
<i>Age (Years)</i>		
20-29	10	20
30-39	20	40
40-49	10	20
50-59	5	10
60 and above	5	10
Total	50	100
<i>Table 2 Continued</i>		
<i>Marital status</i>		
Single	15	30
Married	35	70
Divorced	-	-
Total	50	100
<i>Highest Level of Education</i>		
Primary	-	-
Secondary	5	10
Tertiary	45	90
Total	50	100
<i>Working Experience</i>		
Less than 5 years	10	20
6-10	25	50
11-15	10	20
16 and above	5	10
Total	50	100

Source: Field Survey, 2022

Analysis Based on the Research Questions

Table 3: Distribution of Respondents' Responses on the Relationship between the Transaction Utility and the Growth and Development of Small and Medium Enterprises

Items	SA (%)	A (%)	D (%)	SD (%)
<i>I want to continue transacting with this company because I am happy with everything.</i>	10(20)	20 (40)	15 (30)	5 (10)
<i>Salaries received by employees of these SMEs firm are high. compared to that paid to employees in similar organizations and so I don't want to leave the organization through the financial utility.</i>	30(60)	20(40)	0(0)	0 (0)
<i>Employees receive Cash bonuses and salary raises when they the reach target set by management and this has kept many people</i>	20 (40)	20 (40)	10 (20)	0 (0)

working for the SMEs firm

Source: Field Survey, 2022

Table 4: Distribution of Respondents' Responses on the Relationship between the Categorization Process and the Growth and Development of Small and Medium Enterprises

Items	SA (%)	A (%)	D (%)	SD (%)
<i>This company has put in place such policies as a categorization process plan for its employees that motivate them to stay with the SMEs.</i>	20 (40)	20 (40)	5 (10)	5 (10)
<i>The organization shares part of its profit with the employee and this has contributed to their loyalty and commitment to the SMEs.</i>	20(40)	15(30)	10(20)	5 (10)
<i>I enjoy job security in these SMEs and so it will take a major change in my circumstance to leave this organization</i>	30 (60)	20(30)	0 (0)	0 (0)

Source: Field Survey, 2022

Table 5: Distribution of Respondents' Responses on the Relationship between the Choice Bracketing and Growth and Development of Small and Medium Enterprises

Items	SA (%)	A (%)	D (%)	SD (%)
<i>The management has put in place effective choice bracketing and so employees are happy working here and do not d to find work elsewhere</i>	20 (40)	20 (40)	5 (10)	5 (10)
<i>Employees enjoy challenging tasks, meaningful and satisfying work, and responsibilities</i>	15(30)	15(30)	15(30)	5 (10)
<i>The SMEs managers provide an opportunity for employees to participate in training programs for the acquisition of knowledge and enhancement of skills and abilities is very high and as such, I am ready to stay with the firm.</i>	25 (50)	20(40)	5 (10)	0 (0)

Source: Field Survey, 2022

Test of Hypotheses

Hypothesis 1

Ho₁: Transaction Utility has No Significant Positive Effect on the Growth and Development of Small and Medium Enterprises

Using Table 3

	Responses FOR HO1	AGREE	DISAGREE	TOTAL
(a)	Questions 1	30	20	50
	Questions 2	50	0	50
	Questions 3	40	10	50
	Total	120	30	150

Calculation of Cell Values for Ho₁

S/N	Calculations for Agreement		Calculations for Disagreement	
1	$\frac{120 \times 50}{150}$	40	$\frac{30 \times 50}{150}$	10
2	$\frac{120 \times 50}{150}$	40	$\frac{30 \times 50}{150}$	10
3	$\frac{120 \times 50}{150}$	40	$\frac{30 \times 50}{150}$	10

Table of Contingence for Ho₁

	Observed F (O)	Expected F (E)	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
1	30	40	-10	100	2.5
2	50	40	10	100	2.5
3	40	40	0	0	0
4	20	10	10	100	10
5	0	10	-10	100	10
6	10	10	0	0	0
<i>X² Calculated</i>					25.00

Df = 6 – 1 = 5

Decision Rule:

If X² calculated at a 5% critical level is \geq X² tabulated, reject Ho (that is, accept H₁) and conclude that the variable in question has a significant impact on the phenomenon studied. Accept Ho and conclude otherwise if the reverse is the case.

Note: For this test, the 5% critical level under a normal distribution and degree of freedom of 5 is 1.15. This is the maximum tolerable limit of error for the study. Therefore, empirical results higher than this will lead to rejection of the null hypothesis.

Decision

Since our empirical X² calculated at 5% critical level 25.00 which is \geq X² tabulated (1.15), we reject Ho (that is, accept H₁) and conclude that transaction utility has a significant positive effect on the growth and development of small and medium enterprises.

Ho₂: The Categorization Process has No Significant Positive Effect on the Growth and Development of Small and Medium Enterprises

Summary of Responses for Ho₂

Using Table 4

	Responses FOR HO2	AGREE	DISAGREE	TOTAL
(a)	Questions 4	40	10	50
	Questions 5	35	15	50
	Questions 6	50	0	50
	Total	125	25	150

Calculation of Cell Values for Ho₂

S/N	Calculations for Agreement		Calculations for Disagreement	
1	$\frac{125 \times 50}{150}$	42	$\frac{25 \times 50}{150}$	8
2	$\frac{125 \times 50}{150}$	42	$\frac{25 \times 50}{150}$	8
3	$\frac{125 \times 50}{150}$	42	$\frac{25 \times 50}{150}$	8

Table of Contingence for Ho₂

	Observed F (O)	Expected F (E)	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
1	40	42	-2	4	0.10
2	35	42	7	49	1.17
3	50	42	8	64	1.52
4	10	8	2	4	0.5
5	15	8	7	49	6.13
6	0	8	-8	64	8.00
<i>X² Calculated</i>					17.42

Df = 6 – 1 = 5

Decision

Since our empirical X² calculated at a 5% critical level is 17.42 which is ≥ X² tabulated (1.15), we reject Ho (that is, accept H₁) and conclude that the categorization process has a significant positive effect on the growth and development of small and medium enterprises.

Ho₃: Choice bracketing has no significant positive effect on the growth and development of small and medium enterprises

Summary of Responses for Ho₃

Using Table 5

	Responses FOR HO3	AGREE	DISAGREE	TOTAL
(a)	Questions 7	40	10	50
	Questions 8	30	20	50
	Questions 9	45	5	50
	Total	115	35	150

Calculation of Cell Values for Ho₃

S/N	Calculations for Agreement		Calculations for Disagreement	
1	115 x 50 150	38	35 x 50 150	12
2	115 x 50 150	38	35 x 50 150	12
3	115 x 50 150	38	35 x 50 150	12

Table of Contingence for Ho₃

	Observed F (O)	Expected F (E)	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
1	40	38	2	4	0.11
2	30	38	-8	64	1.68
3	45	38	7	49	1.29
4	10	12	-2	4	0.33
5	20	12	8	64	5.33
6	5	12	-7	49	4.08
X² Calculated					12.82

Df = 6 – 1 = 5

Decision

Since our empirical X² calculated at a 5% critical level is 12.82 which is > X² tabulated (1.15), we reject Ho (that is, accept H₁) and conclude that Choice bracketing has a significant positive effect on the growth and development of small and medium enterprises.

Summary of Findings

From the analyses, the following findings were made:

- i. There was a significant relationship between transactional utility and the growth and development of small and medium enterprises ($\chi^2 = 25.00$ at a 5% significant level)
- ii. There was a significant relationship between the categorization process and the growth and development of small and medium enterprises ($\chi^2 = 17.42$ at 5% significant levels)
- iii. There was a significant relationship between the choice bracketing and the growth and development of small and medium enterprises ($\chi^2 = 12.82a$ at a 5% significant level).

Conclusion

The study observed that transaction utility, categorization process, and choice bracketing are the tools that management can use to motivate employees to remain with the company. Therefore, we concluded that mental accounting has a significant positive effect on the growth and development of small and medium enterprises in Nigeria. It helps the managers to effectively manage the financial transaction of the SMEs.

Recommendation

Based on the findings and conclusion, the following recommendations were made:

- i. There is a need for the management of SMEs to embark on the transaction utility of the firm.
- ii. The management should also embark on a categorization process and choice bracketing of the firm.
- iii. Government should endeavor to make policies to support the growth and development of small and medium enterprises.

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