UNIVERSITY OF CAPE COAST

BOOKKEEPING AND PERCEPTION OF GROWTH OF SMALL AND

MEDIUM SCALE ENTERPRISES IN THE CAPE COAST METROPOLIS

BY

LAWRENCE AYINE ADAANE

Dissertation submitted to the Department of Business Studies of the College of

Distance Education, University of Cape Coast in partial fulfilment of the

requirements for the award of Master of Business Administration Degree in

Accounting.

AUGUST 2016

## DECLARATION

**Candidate's Declaration**

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature: …………………………………   Date: ……………

Name: …………………………………………………………………....

**Supervisor's Declaration**

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: ………………………………   Date: ………………

Name: ………………………………………………………………….

# ABSTRACT

The role of SMEs in the development of any nation cannot be over-emphasised. Yet their growth into bigger firms is often beset with many challenges. This study sought to examine the perception of business owners about the effect of bookkeeping on the growth of small and medium-scale enterprises (SMEs) in the Cape Coast Metropolis. The study employed the quantitative research method and survey design. The simple random sampling method was used to draw a sample of 100 enterprises from a survey population of 135 registered SMEs from the Cape Coast Chamber of Commerce. A structured survey questionnaire was used in gathering primary data for the study. A total of 100 questionnaires were returned and used for analysis. The study found that most SMEs surveyed did not keep complete written records even though majority (74%) of them perceived bookkeeping as an important tool for business growth. The challenges that confronted SMEs owners in bookkeeping were lack of personal knowledge in bookkeeping, lack of record keepers, time and resources constraints among others. The study also found that majority SME owners perceived bookkeeping to have an effect on the growth of SMEs and level of education of SME owners or managers also had a positive relationship with their bookkeeping practices. The study recommended that the National Board for Small Scale Industries (NBSSI) in Ghana should initiate policies that will intensify education of SMEs operators on bookkeeping since many of them lacked personal knowledge in bookkeeping. Business operators were also recommended to go for seminars and training that will improve their record keeping skills.

iii

# ACKNOWLEDGMENTS

# DEDICATION

To my lovely mother, Ms. Abonongo Azaare Adaane.

v

TABLE OF CONTENTS

LIST OF TABLES

# LIST OF FIGURES

x

# CHAPTER ONE

# INTRODUCTION

This study examined the relationship between commitment to bookkeeping and the growth of small and medium-scale enterprises (SMEs) in the Cape Coast Metropolis. The study related to some previous studies on records keeping and performance of SMEs but with a different focus on bookkeeping and SME growth using the records continuum theory. There is some practical relevance for this study as it provides useful information for improving performance and enhancing SME growth and national development. This chapter covers the background of the study, statement of the problem, purpose of the study, research objectives & questions, significance of the study, as well as delimitations and limitations of the study.

**Background to the Study**

There has been a growing concern for supporting the operations of Small and Medium-Scale Enterprises (SMEs) among governments (Amoako, 2012).Given their contributionto national growth and economic development, it is believed that small and medium-scale enterprises (SMEs) are the backbone of many economies across the globe (Alhassan&Muazu, 2014; Okoli, 2011). According to Amoako, Marfo, Gyabaah, andGyamfi (2014), a major indicator of a booming economy is a vibrant Small and Medium Scale Enterprises and how efficiently they contribute to Gross Domestic Product (GDP).

Aside generating income for their owners, Alhassan andMuazu (2014) argued that SMEs promote innovative ideas and creativity in the business arena, as well as providing employment for many people.Even in the

1

developed industrial economies, it is the SME sector rather than the multinationals that takes the largest proportion of employees(Adu, 2013; Quartey&Abor, 2010).For instance, it has been shown that in 2008, SMEs employed 90 million people in Europe (Bowen, 2009).

In Ghana, the impact of SMEs on the economy cannot be overemphasized. Aryeetey (2001) and Amoako (2012) argued that in addition to contributing to Ghana's Gross Domestic Product (GDP), SMEs form acharacteristic feature of the production landscape and thus provide about 85% of manufacturing employment.Thus, SMEs have been described as proficient and prolific job creators, the seeds of big businesses and the supporting pillars of development in many economies (Adu, 2013; Quartey&Abor, 2010).

While recognizing the potential rolesof SMEs in national development, one key issue worth considering is their growth and sustainability. In spite of the concerted efforts by successive governments coupled with the financial support given to SMEsin Ghana, they still face the threat of failure, with past statistics indicating that three out of five SMEs fail within the first few months of operation (Bowen, 2009). It is estimated that 25% to 40% of SMEs below 5 years in Ghana collapse every year (Acheampong, 2015; Amidu&Abor, 2004).

SMEs' development in Cape Coast is no exception. Some authors argue that in Ghana, most businesses that were started in the early 2000s are no longer in existence (Amidu&Abor, 2005). For enterprises to grow, however, they must be able to survive and then inch up gradually. It is, thus, imperative to investigate the factors that militate against survival and hence constrain the growth of such ventures. Muchira (2012) opined that the problem that might require emphases in research may be the management of these

2

SMEs. She, however, noted that the efficient management of these enterprises revolves around sound accounting practices,which is highly dependent on proper bookkeeping of records on the business transactions. A recent study by Mbroand Attom(2012) discovered that basic book-keeping practices were not in operation in many of the enterprises operating in Cape Coast with majority (52%) frequently seeking external assistance in their business accounting.Mbroand Attom(2012), however, did not related book-keeping to any performance measures of SMEs which is the focus of this study.

**Statement of the Problem**

In the past, the common factors that constrained SMEs growth included lack of government support, lack of access to finance, high operating costs and stiff competition among others (Esaete, 2005). However, with the current legal and regulatory framework in Ghana coupled with the increased number of lending institutions, these problems have been substantially reduced (Alhassan&Muazu, 2014). Alhassan and Muazu (2014) further indicated that the banking sector has recently improved its financial services to the SMEs in Ghana. Despite the several attempts to boost activities of SMEs the survival and growth of SMEs in Ghana is still a problem (Alhassan&Muazu, 2014). It is against this background that the need arise for current studies to explore other equally important factors that can contribute to the problem.

Earlier studies have suggested that record keeping is at the heart of any external interaction with the SMEs be it access to finance or eligibility for assistance. That is, credit worthiness and growth potentials are all embedded in bookkeeping records of enterprises. It is theoretical plausible to expect some positive effects of proper record keeping and enterprise performances

3

such as profitability and growth. According to Blank (1966), however, "Theory and introspection have their proper place in economic analysis but at some point they must be tested by the actual reactions of the market place".

Recent empirical studies on bookkeeping in Ghana include Amoako, Marfo, Gyabaah and Gyamfi (2014), Alhassan and Muazu (2014), Suraj(2011) and Amissah (2011).

However,Amoako, Marfo, Gyabaahand Gyamfi (2014) investigated the accounting records keeping practices of SMEs in Ghana using the Suyani Municipality as a case study and found that majority of SMEs did not keep complete accounting records. Alhassan and Muazu (2014) on the other hand also investigated the relationship between record keeping and performance of SMEs in the Tamale Metropolis and discovered that there was a positive relationship between record keeping and business performance.

Again, Suraj(2011) conducted a study on bookkeeping practices and its relevance to SMEs in the New Juaben District in the Eastern Region and found out that many SMEs did not keep proper books and could not obtain financial assistance from banks.Amissah(2011) also conducted a study on proper bookkeeping and basic accounting procedures among SMEs in the Greater Accra Region and discovered that lack of knowledge in bookkeeping and lack of finance to engage the services of a bookkeeper contributed to most SMEs not keeping books.

As partitioned by the World Bank group in 2007 and 2013 (World Bank, 2013),none of the studies was done in the Western Zone which includes enterprises in Cape Coast and Takoradi. For a complete picture of the situation and role of bookkeeping in Ghana, a study on SMEs in Cape Coast is a step in

4

the right direction. Notwithstanding the fact that SMEs in the Cape Coast municipality are struggling with growth, a major motivation for the study was the observation by Majumdar (1997) that it will not be appropriate to approximate the findings of studies done on size from one setting to another because how size and age relates to firms' performance cannot be analysed outside the institutional framework that the firms operate within.

One area that has received little attention in the literature is the Central Region and it is this gap that has propelled the study. This study sought to examine the relationship between bookkeeping and the growth ofsmall and Medium-scale businesses inthe Cape Coast Metropolis.

**Purpose of the Study**

The purpose of the study is to examine the perception of bookkeeping on the growth of SMEs in the Cape Coast Metropolitan Assembly.

**Objectives of the Study**

The main objective of this study is to examine the dependency between bookkeeping and the growth of SMEs in the Cape Coast Metropolis. The following specific objectives have been formulated to guide the study:

1. Examine the types of records kept by SMEs operators

2. Assess the relationship between levels of education of SMEs owners'and willingness to keeping business records.

3. Examine the perception of SMEs owners on the effects of bookkeeping on the growth of their enterprises.

**Research Questions**

The study seeks to answer the following questions:

1. What types of records are kept by SMEs operators?

5

2. To what extent does willingness to keeprecords depends on level of education of SMEs owners?

3. What is the perception of SMEs owners on the effects of bookkeeping on the growth of their enterprises?

**Significance of the Study**

The study sought to explore the state and relationship between bookkeeping and SMEs performance which shall provide lead information toPolicy makers on the challenges that need redress as Ghana adoptsthe International Financial Reporting Standards (IFRS forSMEs). That is, the state and perception of SMEs on bookkeeping is very key to readiness of SMEs to preparing financial reports since the information needed must first come from records kept.

Furthermore, agood knowledge ofbookkeeping greatly facilitates the work of the Internal Revenue Service and the Value Added Tax officials in determining assessable and chargeable incomes of SMEs.

The study is equally helpful to the National Board for Small-Scale Industries (NBSSI) in evaluating the success of its activities with specific referenceto proper bookkeeping and basic accounting procedures. It can also assist the Board in formulating its future plans.

Finally, the study has contributed tothe existing wealth of knowledge in bookkeeping and SMEs growth and survival.

**Delimitations**

The study was delimited to small and medium-scale enterprises in the Cape Coast Metropolis with a focus on commercial activities such as trading, manufacturing and service enterprises. The areas covered included Kakumdo,

Abura,Kotokoraba market, Kingsway, Bakanu and Elmina and many more. The study focused on bookkeeping as the independent variable while growth of SMEs was considered as an dependent variable.

Besides bookkeeping, there are other factors that could affect growth of SMEs such as capital invested, external environment, support resources, changing seasons, tax laws and other regulatory policies (Premaratne, 2002) but for the purpose of this study, these factors were held constant.

**Limitations**

The study was primarily limited by the lack of willingness by Respondents to disclose financial information on their businesses. This created data collection problems.

Secondly, the study focused on only the main commercial activities of trading, manufacturing and services providers and this limited the generalisation of the findings to all other categories of SMEs in the study area. The study did not include SMEs in Agriculture and construction industries.

Finally, lack of financial records to support evidence hindered the findings. Some of the respondents could not give evidential information on their business performance, hence making the study to rely on estimates.

**Definition of Terms**

*Bookkeeping* – Is the recording of business transactions in a systematic manner so that the financial position of an organization can be ascertained at any point in time.

*Business growth* – refers to the process of a business expansion by increased output (products and services), customer base, new product development or expansion of the target market.

7

**SMEs -** The National Board for Small Scale Industries (NBSSI) defines Small enterprises as those employing between 6 and 29 employees or firms with fixed assets not exceeding $100,000, excluding land and building (Amoako, Marfo, Gyabaah, &Gyamfi, 2014; NBSSI Report, 2009). The NBSSI further defined enterprises that employ between 30 and 100 employees as medium sized enterprises (Abor&Biekpe, 2006). This operational definition by the National Board for Small Scale Industries (NBSSI) is thus adopted by the study.

**Organisation of the Study**

The study was organized into five (5) chapters. Chapter One - Introductioncovers the background of the study, statement of the problem, study objectives, research questions, significance of the study,delimitations and limitations of the study. Chapter Two: Literature Reviewis devoted to the review of related literature in bookkeeping and SMEs growth – both theoretical and empirical studies. The chapter covers the theories of business growth, nature of SMEs and their role in national development, bookkeeping systems and relationship between bookkeeping and SMEs performance & growth.Chapter Three – Research Methods, captures the methods employed in conducting the study. It specifically addressed the research approach, study design, study area, sampling procedures, research instruments,data collection methods as well as data processing and analysis.The Chapter Four captured the results and discussion of findings from the study while the final Chapter – Summary, Conclusions and Recommendations, is dedicated to discussing the summary of the study,conclusions drawn from the study and recommendations.

8

## CHAPTER TWO

## LITERATUREREVIEW

**Introduction**

The study sought to examine the perception of SME owners about the effect of bookkeeping on the growth of small and medium-scale enterprises in the Cape Coast Metropolis. The study also aimed at exploring the perception

9

of SME owners or managers aboutthe importance of bookkeeping in their organizations. This chapter covers a review of the existing literature on the study. It includes both theoretical and empirical aspects of the study.Other areascovered in this chapter include the effects of bookkeeping, basic types of records kept by SME operators and the relationship between bookkeeping practices and educational level of SME operators.

**Theoretical Review**

The main theory for thestudy is the Records Continuum Theory.The records continuum theory provides the theoretical justification for keeping business records (Alhassan&Muazu, 2014). The theory involves a consistent and coherent regime of management processes of records from the time of the creation of these records through to the preservation and use of those records (McKemmish, 2001). The International Council on Archives defines the records continuum theory as 'a consistent and coherent process of records management throughout the life of records, from the development of recordkeeping systems through the creation and preservation of records, to their retention and use as archives' (Flynn, 2001).

The records continuum theory was formulated in the 1990s by Australian archival theorist Frank Upward based on four principles:

The first principle was that, a concept of "record" which is inclusive of records of continuing value (archives) stresses their use for transactional, evidentiary, and memory purposes, and unifies approaches to archiving/recordkeeping, whether records are kept for a split second or a millennium. The second principle was that there is a focus on records as

10

logical rather than physical entities, regardless of whether they are in paper or electronic form.

The third principle was that institutionalization of the recordkeeping profession's role requires a particular emphasis on the need to integrate recordkeeping into business and societal processes and purposes. The final principle stated that archival science is the foundation for organizing knowledge about recordkeeping. Such knowledge is revisable but can be structured and explored in terms of the operation of principles for action in the past, the present, and the future.

The records continuum theory has four main levels. Kennedy and Schauder (1998) explained the four dimensions that Upward (1994) used in his understanding of the continuum theory:

At level one, the model identifies accountable acts and creates reliable evidence of such acts by capturing records of related/supporting transactions. Records of business activities are created as part of business communication processes within the organization (e.g., through e-mail, document management software, or other software applications). At level two, recordkeeping systems manage "families" of transactions and records series documenting processes at the work-unit or single-function scope of complexity. Records that have been created or received in an organization are tagged with metadata, including how they link to other records.

At level three, a seamless recordkeeping scheme embraces the multiple systems and families of records that serve the entire documentary needs (i.e., business, regulatory, and cultural/educational/historical) of a single juridical entity. Records become part of a formal system of storage and retrieval that

11

constitutes the organization's corporate memory. Finally at level four, a collaborative recordkeeping establishment under the guidance of a suitably empowered public recordkeeping authority serves the needs of the total society, its constituent functions, and the entities that carry them out. The recordkeeping establishment serves the documentary needs of many entities within its jurisdiction and ensures the accountability and the cultural memory of the society as a whole. Records required for purposes of societal accountability (e.g., by corporate law) or other forms of collective memory become part of wider archival systems that comprise records from a range of organizations.

All the stages of records keeping are interrelated, thereby forming a continuum where both record keepers and archivists are involved in the management of recorded information (Atherton, 1985). Because it involves a broader context of archival science that connects the past to the present and the present to the future, this theory is assumed to be the best for managing or keeping both electronic and paper records with the view to improving efficiency as well as satisfying users (Atherton, 1985). The records continuum theory is significant because it provides a broader interpretation of records and record keeping systems offered by the lifecycle (Flynn, 2001).The continuumtheory reminds us that records are created and maintained for use as a result of business and administration functions and processes, rather than as ends in themselves.

The records continuum theory focuses on the multiplicityof purposes. It aims at the development of recordkeeping systems that capture, manage, and maintain records with sound evidential characteristics for as long as the

12

records are of value to the organization (Marshall, 2000). It promotes the integration of recordkeeping into the organization's business systems and processes.The theory provides common understanding, consistent standards, unified best-practice criteria, and interdisciplinary approaches and collaborations in recordkeeping and archiving processes for both paper and digital worlds. It also provides sustainable recordkeeping to connect the past to the present and the present to the future (McKemmish, 2001).

The theory is relevant in this study because it brings out the importance of keeping business records that can be helpful in tracking an organization's performance and growth. Without records, owners and managers of SMEs would remain oblivious of the progress of their firms. Other resource providers will not also know how well their resources are managed and whether or not they will get any returns from their investments.Record keeping has become the foundation on which the totality of modern businesses depends (Olukotun, James &Olore, 2012). This is because record keeping helps a business to measure its performance and profitability. It can also assist owners to detect fraud quickly. Record keeping and good record management is, therefore, essential for any corporate body to function effectively.

**Empirical Review**

The empirical literature reviewed covered the perception of SMEs operators about bookkeeping, bookkeeping and growth of SMEs, level of education and rate of bookkeeping practices as well as the types of records kept by SMEs operators.

**Perceptions about Bookkeeping**

There are different reasons for keeping or not keeping records among SME owners and these vary from business to business (Alhassan&Muazu, 2014). While Amidu and Abor (2005) argued that the primary motive for keeping records is to provide ample evidence of information about business activities, ensure accountability as well as providing a back-up memory, Muchira (2012) discovered that many SME owners held a contrary perception about bookkeeping – they perceived bookkeeping as a waste of time and resources.

Many whocalled for the need forbookkeeping saw it as enhancing business performance. For instance, Hughes (2003) asserted that keeping business records is an important driver for the success of a business and argued that a comprehensive record or book keeping system enables business owners to generate accurate and timely financial reports that detail the progress and prospects of the business. Thus, the performance of a business is contingent on the existence of a proper book keeping system.

Muchira (2012), while advocating for bookkeeping among SMEs, found that many SME owners/managers were content with using informal ways to judge whether or not their enterprises were growing. The author assertedthat the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement.Okoli (2011) also postulated that accounting information is important for a successful management of any business entity, whether large or small. It is, therefore, imperative that the accounting practices of SMEs source complete and relevant financial information needed to improve

economic decisions made by entrepreneurs. Okoli (2011), as cited by Alhassan and Muazu (2014) linked proper record keeping to profitability of small scale enterprises in Nigeria and argued that the lack of proper record keeping makes it impossible for owners of small businesses to do a critical assessment of their performance. He thus, called for the maintenance of proper record keeping in enhancing their profitability and performance.

Unfortunately however, research has shown that bookkeeping seems not to be important to many business operators in Ghana (Amoako, 2012). Muchira (2012) opined that if one does not keep accurate and complete records the success of the business could be threatened in many ways. For example one may end up paying more tax than is due because of lack of evidence of tax deductible expenditure or/and inaccurate sales. One may not be able to obtain financial credit because record keeping is the basis for granting financial assistance by financial institutions (Olukotun, James &Olore, 2012). Banks would want to see evidence of a firm's performance through documented financial statements prepared using available records before advancing credit. Moreover, government agencies and organizations that support SMEs would want to be furnished with accurate information and financial statements which can only be generated through bookkeeping records. Managers would also need useful information for decision making and policy formulation to make a firm succeed which all come from bookkeeping (Amoako, 2012).

The above studies indicate that there are mixed opinions about bookkeeping among SME owners/managers. While some believe that bookkeeping is important for ensuring that one has control over the business

and can assess its profitability and the cash flow situation at any point in time, others simply see it as unnecessary waste of time and economic resources. To some, bookkeeping ensures discovery of any potential problems as soon as possible and can make business decisions effective with all available information at hand. Yet to others, only effective supervision of business activities is enough for them to ensure growth and profitability.

**Perceptions about bookkeeping and growth of SMEs**

Many have called for the need for keeping records in enhancing business performance. For instance, Hughes (2003) asserted that keeping business records is an important driver for the success of a business. The author further argued that a comprehensive bookkeeping system enables business owners to develop accurate and timely financial reports that detail the progress and prospects of the business. Thus, the performance of a business is contingent on the existence of book keeping system (Alhassan&Muazu, 2014).

Whilst the role of record keeping is widely acknowledged, the drivers of record keeping itself are at best subjective. To this end, Mairura (2011) assessed the relationship between record keeping and performance of small businesses in Nairobi City of Kenya and found that the level of education, type of business ownership, number of employees and age of business were the drivers of record keeping.

Mairura (2011), however, failed to empirically establish the correlation between record keeping and business performance. Using a more formal approach, Akande (2011) examined the bookkeeping skill as a performance factor for small business in Nigeria by invoking chi-square test statistic. Results from his study showed that possession of a proper bookkeeping skill

16

by business owners significantly improved business performance. Evidence shows that keeping good records helps increase the chances of business survival (Muchira, 2012).

In spite of the fact that evidence abound on the role of record keeping in business performance, many owners of SMEs do not keep records, with many of them even suggesting that record keeping is time consuming. In effect, many of them remain unconvinced about the role of record keeping in business growth, performance and profitability (Alhassan&Muazu, 2014).

Chemoli and Sopia (2012) postulated that every serious entrepreneur must as a matter of fact be able to maintain proper records of his or her business transactions. Proper book keeping is important to sustaining and expanding a business (Muchira, 2012). Without it, the entrepreneur runs the risk of hitting cash flow crunches, wasting money, and missing out on opportunities to expand his business. According to Alhassan and Muazu (2014), keeping proper records of business transactions enables one to properly evaluate the business to see its performance and growth level.

Muchira (2012) observed that the purpose of book keeping is to help manage the business and to enable tax agencies evaluate the earnings of the business for tax purposes. The author further opined that as long as book keeping achieves both of these objectives, the business was bound to be in the right direction. Chepkemoi (2013) established that any financial institution that wants to do business with SMEs usually demand for their business records and the ability to produce it means that the business is serious. The author further indicated that business records were important because they prevent theft and also keep things organized in the organization. Peacock (2008)

17

emphasized that the practice of keeping accurate records of the business inventory makes it easier to record products and to enable the business owner see what's selling and those that are not selling. It is important to keep business records because without them you would not know how to break even, or even how much each different product is really making (Chepkemoi, 2013).

Effective and efficient record keeping practices secure your business from internal thieves and dishonest employees (Amidu&Abor, 2005). The authors further argued that tracking the transfer of money is important so that the wise business owner can know who received money, how much they currently have or if there are any inconsistencies that need to be investigated or corrected. Keeping accurate records is highly fundamental for a successful business to stay organized and profitable (Alhassan&Muazu, 2014).

Peacock (2008) in his investigation of the effects and causes of 1,000 proprietary company failures in South Australia, found that 4.6 percent of failures had inadequate or no accounting records. He concluded that there was a minimal effect of accounting records of the success or failure of businesses of the proprietary companies and recommended for further research on causes of business failures. In another study of company failures in South Australia, Peacock (2008) reviewed the bankruptcy reports of 418 unincorporated businesses for four years and found that 50.5 percent of this used single entry system of bookkeeping, 32.8 percent used bank and taxation records whereas only 2.1 percent utilized double entry bookkeeping. He recommended further research to be done on double entry systems of recording in companies.

In another study Peacock (2008) found out that a significant element in the failure of many of the businesses was inefficient or absence of accounting records. More than half of the non-performing businesses were found to have no records or only bank and taxation records. Peacock's (2008) findings are very important in examining the impact of bookkeeping practices on the growth of SMEs in Cape Coast. Williams (2010) in his evaluation of the adequacy of bookkeeping records for 10,570 small enterprises operating in Australia found that a significant proportion of owners kept inadequate records.

**Level of Education and Record Keeping**

Research has shown that higher education provides superior technical knowledge and contributes positively to develop individual learning capabilities to process new information and hence, recognize business opportunities (Shane, 2000). According to Westhead, Wright and Ucbasaran (2001), higher education implies the acquisition of organizational abilities that allow entrepreneurs to better exploit new opportunities. Therefore, more educated entrepreneurs have the requisite skills, discipline, motivation, information and self-confidence to attain higher growth rates in their businesses. These assertions suggest a direct relationship between education and bookkeeping practices.

However, Tolentino (2000) on the other hand argued that educational and training policies and programmes may discourage entrepreneurship and hinder the development of the enterprise culture necessary to nurture viable SMEs. Closely linked to Tolentino's assertion, Woodrufle as cited by Esaete (2005) observed that the possession of such knowledge is not in itself a

19

demonstration of competence but without it, managers are most likely to sustain competent performance over time or in a variety of situations.

In relation to bookkeeping, Tolentino (2000) avowed that the educational level and experience of owners/managers have an impact on the quality of record keeping. While Ojala (2002) established that poor record keeping is a result of managerial incompetence that hinders the growth of SMEs, Muchira (2012) found that accurate recordkeeping of SMEs transactions is essential to the growth of these enterprises. In addition, Gaskill et al as cited by Esaete (2005) confirmed that managerial skill development is related to a firm's success.

To conclude,Stover (1997, 5) noted that level of education affects both record keeping and growth of SMEs. The researcher further asserted bluntly that "a small business that fails to keep complete and accurate records places its long term success and continuance in grave, grave doubt."

**Types of Records Kept by SMEs**

In many countries, the laws mostly require that the Enterprises prepare financial statements and, often, have them audited (Amoako, 2012). This requires that the owners of the enterprises have some knowledge of bookkeeping and accounting. Ismail and King (2007) concluded that the development of a sound accounting information in SMEs depends on the owners' level of accounting knowledge.

According to Ismail and King (2007) and Muchira (2012), there are some basic financial records SMEs managers or owners need to keep for the success of a business. These basic records will normally include the sales day book (sales journal), purchases day book (purchases journal), cash receipt

book, cheque payments book, petty cash book, general journal, nominal ledger, debtors' ledger and creditors' ledger. These, according to McMahon, (1999) must be kept and maintained in a sound accounting arrangement.

McMahon postulated that the following financial records need to be kept in an organisation: a record of all business sales, with copies of any invoices one has issued; a record of all one's business purchases and expenses; invoices for all business purchases and expenses; details of any amounts one personally pay into or take from the business; and copies of business bank statements. Muchira, (2012) alluded that the Entrepreneur or an accountant usually use these records to create a profit and loss account which shows the sales income received, and the expenses paid, and to determine what profit/ loss the business actually made.

However, not all SMEs may need to keep and maintain all the previous mentioned financial records but an entity has to decide this on the basis of its needs. When the entity makes the judgment of what financial records to maintain, it also needs to take into account whether some financial records are compulsory to be kept by regulatory authorities like Ghana Revenue Authority (GRA).

**Chapter Summary**

This section highlights the major assertions and research findings from the literature review. The existing gap in the literature is also being commented on. To begin with, studies on the contributions of SMEs to the Ghanaian economy revealed that SMEs play a crucial role towards the development of the country. Some of the major contributions of SMEs included job creation, promoting innovations and reduction of poverty in

Ghana (Amoako, 2012;Amidu&Abor, 2005). The findings from the studies also indicated that the government of Ghana has recognized the role of SMEs and has made significant efforts in terms of policies and financial support to aid the operations of SMEs in Ghana (Alhassan&Muazu, 2014;Ayeetey, 2001).

It has also been established from the literature that most of the SMEs in Ghana still struggle to perform well despite government support through favourable policies and financial help by the removal of barriers to access of credit (Adu, 2013; Price Waterhouse Coopers, 2013).Some scholars have traced the source of SMEs challenges to improper records keeping, competition, high operating costs and managerial incompetence among others (Amoako, 2012; Okoli, 2011;Esaete, 2005). While the assertions and findings by the various scholars and researchers presented in this literature are very important to the development of the SMEs sector in Ghana, much is yet to be done in the area of bookkeeping and SME growth. This gap in the literature is the focus of this study.

## CHAPTER THREE

## RESEARCH METHODS

**Introduction**

This section outlines the research methods and instruments used in the study. It specifically covers the research approach, research design, study area, sample size and sampling procedure, research variables and their measurement, research instruments and data collectionmethods, as well as data processing, analysis and presentation.

22

**Research Design**

The study employed the survey research design and adopted the survey approach. The goal of survey design is to describe a behaviour, phenomenon or situation as it is. Since one of the objectives of the studywas to examine the perceptions of respondents about bookkeeping and to describe opinions and preferences, this design seemed more appropriate for the study.Another objective of the study was to survey the types of records kept by SMEs operators by obtaining information from a representative selection of the population using a questionnaire and it is this design that suits the purpose more.

**Research Approach**

This study used the quantitative approach. The quantitative approach is more objective and provides observed facts on a problem or condition as they are and since this is the aim of the study, this approach seems more suitable for thestudy. Moreover, since the study used the survey design and a semi-structured questionnaire, the analysis was less in-depth but more in breadth using information across a large number of respondents. This makes the quantitative approach more relevant in this study.

**Study Area**

The study was carried out in the Central Region of Ghana, Cape Coast, using the Cape Coast Metropolitan Assembly as a unit of analysis. The Cape Coast Metropolitan Assembly is bordered by the gulf of Guinea to the south, Komenda/Edina/Eguafo/Abirem (KEEA) Municipal District to the West, Abura/Asebu/kwamankeseDistrict to the East and Twifu/Hemang/Lower

23

Denkyira District to the North. The Metropolis covers an area of 122 square kilometers and is the smallest Metropolis in Ghana.

SMEs in this area have the advantage of utilizing the trade opportunities created by the large number of educational institutions within the region, the tourist areas and other natural resources like the sea. Demand for services and other trading activities are high in the area and these provide good opportunities for businesses. Yet most businesses struggle to survive in the area. This is why the study targeted the area.

**Population**

The target population was all SMEs in the Cape Coast Metropolis and the sample or accessible population was SMEs engaged in trading, services and manufacturing. This decision was partly informed by the fact that these are the type of enterprises that are more prevalent in the Metropolis and easy collection of data was another factor influencing the choice of the sample population. The decision is also in line with Sekaran (2000) and Esaete (2005) assertions that particular strata can be focused on if it can facilitate ease of data collection and attainment of meaningful results.

**Sampling Procedure**

The study adopted the simple random sampling method.This was to guard against biases and permit a justifiable inference from the sample to the population. The target population was all SMEs in the Cape Coast Metropolis and the sample population was SMEs engaged in manufacturing, trading (retail) and service providers. Information available at the Cape Coast Chamber of Commerce as at 21[st]December, 2015 indicated that there was a total of 413 registered SMEs (target population). The survey/sample

population (i.emanufacturing, trading and services) was 135. Since the population was large, known, finite and defined, it met the assumptions underlying the sample distribution formula developed by Krejcie and Morgan (1970).Hence a sample size of 100 was drawn for the study using the sample distribution table by Krejcie and Morgan (1970). Since the list of businesses was available, names of all the 135 were written on pieces of papers and well mixed in a container from which 100 names were selected randomly. The addresses of enterprises on the list helped in contacting the owners to administer the questionnaires.

**Data CollectionInstrument**

The main data collection instrument was aquestionnaire whichcontained mostly structured questions, relating to each of the variables in question.The closed ended items enabled the study to obtain specific responses from the respondents. All the sampled SME owners were given the questionnaire with the aim of collecting data on their skills in bookkeeping, their perception about bookkeeping, the implications of bookkeeping on the success and stability of their enterprises and the types of records kept by them.The questionnaire had four main sections sub-headed as Demographic information, Perceptions about bookkeeping, Effect of bookkeeping on growth of SMEs, and Types of records kept.

A pre-test of the instrument was conducted at the UCC Science Market and feedback was obtained and incorporated into the design of the final questionnaire. The questionnaire was pre-tested using 5 owner-mangers of retail shops, 3 owner-managers of manufacturing and 5 owner-managers of service providers. The results of the pre-test revealed that though 70% of the

25

respondents knew about the advantages of bookkeeping, only 30% kept records, some of which were incomplete.Also, areas of the questionnaire found ambiguous were reframed and those that were found irrelevant to the study were eliminated.

**Data Collection Procedures**

The questionnairewas personally administered. A visit was paid to each selected enterprise through the address provided on the list obtained from the Cape Coast Chamber of Commerce. A self-introductionwas made and the purpose of the survey was explained to the respondents. The respondents' consent was sought and they were assured of confidentiality of their information. Respondents were given the option to participate willingly or refrain from participating in the survey. A questionnaire was left for those who could read and write to fill it.

A total of five (5) working days were given to them to fill the questionnaire for collection. Those who could not read or write were taken through the questionnaire and it was filled for them as they supplied the information. In instances where the respondents were unable to speak and/or read English, the questionnaire was interpreted into an understandable language (specifically Fante). The reason for the self-administration of the questionnaire was to ensure data quality control in anticipation of resistance from respondents in providing financial data on the status of their businesses.

**Data Processing and Analysis**

The data collected was edited to ensure that all returned questionnaires were completely filled. Together 100 questionnaires were analysed. The completed questionnaireswere coded and entered into SPSS software

(Statistical Product and Service Solutions - version 21) for processing. The data wasanalysed using descriptive statistics such as frequencies and percentages. A chi-square test for dependence was also used to analyse the third objective. Finally, the interpretation of data was made and the presentation of data was done using tables, charts and graphs.

## CHAPTER FOUR

## RESULTS AND DISCUSSSION

**Introduction**

    This chapter captures the results and discussion of the study. The study sought to examine the perception of owners about the effect of bookkeeping on the growth of small and medium-scale enterprises in the Cape Coast Metropolis. The study also aimed at exploring the perception of SME owners or managers aboutthe importance of bookkeeping in their organizations. The quantitative research method and the survey design were employed in the study. Descriptive statistics were used to analyse the data. The Chi-square test of dependency was used to test the dependency of perceptions on the effects of

**Digitized by UCC, Library**

book keeping on selected demographic characteristics of enterprise owners'
and their enterprises. The results were presented to reflect the research
questions.

**Demographic Characteristics of Respondents**

Some demographic information on the respondents was gathered. This
included their age, gender and level of education which was proven in the
empirical literature reviewed to be drivers of decision to keep business
records. Tables 1 presents the demographic information of the respondents
based on age and gender. From Table 1, 45(45%) of the respondents were
males while 55(55%) were males. The majority (32%) of the respondents fell
within the age bracket of 40-49.

Table 1-*Age andGender Distribution of Respondents*

| Age Group (%) | Male | Female | Total | Percentage |
|---|---|---|---|---|
| 20 – 29 | 12 | 15 | 27 | 27.0 |
| 30 – 39 | 11 | 12 | 23 | 23.0 |
| 40 – 49 | 13 | 19 | 32 | 32.0 |
| Above 50 | 9 | 9 | 18 | 18.0 |
| Total | 45 | 55 | 100 | 100.0 |

Field Data, Adaane (2015)

**Business Sector**

The study covered three (2) selected business sectors namely trade, services
and manufacturing. The results are presented in Table 2.

28

Table 2-*Type of Business Sector*

| Business sector | Frequency | Percentage (%) |
|---|---|---|
| Trade | 71 | 71.0 |
| Services | 24 | 24.0 |
| Manufacturing | 5 | 5.0 |
| Total | 100 | 100.0 |

Field Data, Adaane (2015)

The results indicate that about 71 percent of the respondents were engaged in trading. Those engaged in rendering services were 24 percent while 5 percent were in the manufacturing sector. This means that majority of the SMEs in the Cape Coast Metropolitan Assembly are engaged in trading.This could probably be caused by the fact that most SMEs (informal sector) cannot afford the huge start-up capital of manufacturing firms and there are no stringent entry requirements or regulations into informal trading.

**Nature/Type of Business**

Table 3 shows the results of the types of businesses sampled and or covered in the study.

Table 3-*Type/Nature of Business*

| Business | Frequency | Percentage |
|---|---|---|
| General Merchant | 29 | 29.0 |
| Restaurant Services | 6 | 6.0 |
| Provisions and Cosmetics | 19 | 19.0 |
| Pharmaceutical services | 12 | 12.0 |

| | | |
|---|---|---|
| Hair dressing and barbering salon | 6 | 6.0 |
| Auto Mechanic/Spare parts dealers | 5 | 5.0 |
| Construction and building materials | 9 | 9.0 |
| ICT | 5 | 5.0 |
| General Electricals | 8 | 8.0 |
| Manufacturing | 1 | 1.0 |
| Total | 100 | 100.0 |

Field Data, Adaane (2015)

From the results, majority of the business operators were general merchants with 29 percent, followed by provisions and cosmetics shops with 19 percent. The least category of SMEs in the Cape Coast Metropolis were the manufacturing firms with 1 percent. One interesting observation was the rate at which pharmaceutical and ICT firms were represented in the study. Pharmaceutical enterprises were the third largest in the survey with 12 percent while ICT was 5 percent.

These results are so probably because of huge start-up capital for manufacturing ventures.Hence majority who cannot afford rather go in for retailing instead. The pharmaceutical firms could spring up as a result of the National Health Insurance Accreditation which allows such firms to now supply drugs to patients and get paid by the National Health Insurance Authority. So there is guaranteed payment for their services. It could also be due to the conversion of the Regional Hospital into a Teaching Hospital which now makes the hospital capable of treating many diverse cases which the

pharmacies may standby to offer medications to patients who might not get some services from the Teaching Hospital. The ICT firms could be on the increase partly because the Central Region is a hub for education in Ghana and ICT services are likely to be on high demand.

**Awareness about Bookkeeping**

The analyses of the responses were done in terms of the percentage of the respondents who either "Affirmed" or "Rejected" a given statement. If the percentage of respondents who either "Strongly Agreed (SA)" or "Agreed (A)" exceed the percentage of active respondents who responded "Strongly Disagree (SD)" or "Disagreed (D)", then the statement was said to have been "Affirmed" in the study. In the binary sense, a statement is said to have been affirmed if the sum of the responses in the SA and A columns exceeds 50 percent or otherwise rejected. The closer the total percentage of responses on a given statement by the respondents to 100 percent, the more acceptable is the statement.

Table 4 -*Awareness of Respondents about Bookkeeping*

| Statement | SD | D | A | SA | Remarks |
| | % | % | % | % | |
|---|---|---|---|---|---|
| I have personal knowledge about bookkeeping | 5.0 | 73.0 | 17.0 | 5.0 | Rejected |
| I keep complete written records of my business transactions | 7.0 | 57.0 | 21.0 | 15.0 | Rejected |
| I keep manual records | 1.0 | 6.0 | 61.0 | 32.0 | Affirmed |
| I sometimes keep mental records of my business activities | 4.0 | 16.0 | 56.0 | 24.0 | Affirmed |

31

| | | | | | |
|---|---|---|---|---|---|
| I update my business records regularly | 47.0 | 29.0 | 18.0 | 6.0 | Rejected |
| I see bookkeeping as very important in my organization | 1.0 | 25.0 | 52.0 | 22.0 | Affirmed |
| I will recommend bookkeeping for a colleague business operator | 1.0 | 3.0 | 76.0 | 20.0 | Affirmed |
| I have an accountant or bookkeeper who keeps my records | 39.0 | 47.0 | 11.0 | 3.0 | Rejected |
| I prepare financial statements for my business | 29.0 | 53.0 | 12.0 | 6.0 | Rejected |
| I will welcome any training or education on bookkeeping | 1.0 | 3.0 | 41.0 | 55.0 | Affirmed |

Field data, Adaane (2015)

From Table 4, it could be concluded that majority of the respondents had limited personal knowledge about bookkeeping since 78 percent [SD+D] of the respondents rejected the statement that they had personal knowledge about bookkeeping. Even though majority of the respondents (74% - A+SA) said they knew about the importance of bookkeeping, only 36% (A+SA) indicated that they kept complete written records of their business activities. This means that 64% of the respondents did not keep written records. About 80% (A+SA) of them affirmed that they kept mental records of their business activities.

Among those who kept written records, 93% (SA+A) of them kept manual records. Again, among those who kept some form of records, about 76% (DS+D) did not update their records regularly and only 14% (A+SA) had an accounts clerk or bookkeeper who kept business records. In general, it can

32

be said that 26% (SD+D) of the respondents did not perceive any importance of bookkeeping and 86% (SD+D) did not also see the need to have an accountant or bookkeeper for records keeping purposes. However, about 96 percent (A+SA) of the respondents indicated that they were ready to welcome any training offered them on bookkeeping.

The underlying reason for the results was that many of the respondents lacked personal knowledge in bookkeeping and because of that some did not even believe that bookkeeping has any benefit to offer their business. Other reasons that were given for the lack of proper bookkeeping included time consuming, records keeping being expensive or logistical constraints. Olukotun, James and Olore (2012) argued that whatever reasons may be, it is important that timely and accurate records be kept by business organisations so that they can achieve the objectives for which they were set up.

Among those who were ready to be trained in bookkeeping, 96% (A+SA) affirmed that they were ready to recommend bookkeeping to other business operators. The policy implication for the National Board for Small-Scale Industries (NBSSI) and other policy makers is that there would be a multiplier effect if the registered SMEs are giving some form of training in bookkeeping.

**Level of Education and Bookkeeping**

Table 5 presents the academic qualification of the respondents. This information was to help the study to discoverwhether or not the level of education of respondents influenced their bookkeeping practices.

Table 5–*Level of Education of Respondents*

| Qualification | Frequency | Percentage (%) |
| --- | --- | --- |

33

| | | |
|---|---|---|
| No Education | 4 | 4.0 |
| Basic Education | 1 | 1.0 |
| Technical | 21 | 21.0 |
| SHS | 58 | 58.0 |
| HND | 9 | 9.0 |
| Bachelor's Degree | 4 | 4.0 |
| Masters Degree and above | 3 | 3.0 |
| Total | 100 | 100.0 |

Field Data, Adaane (2015)

From the results, 96 percent of the respondents had at least basic education. Majority of them 58(58%) had Senior High School education followed by Technical education 21(21%) and Higher National Diploma being 9 percent. This means that majority of the respondents had formal education and could read and write. The results were further cross tabulated with those who keep complete records to see whether level of education was capable of influencing owners/managers rate of records keeping. The results are shown in figure 1.

34
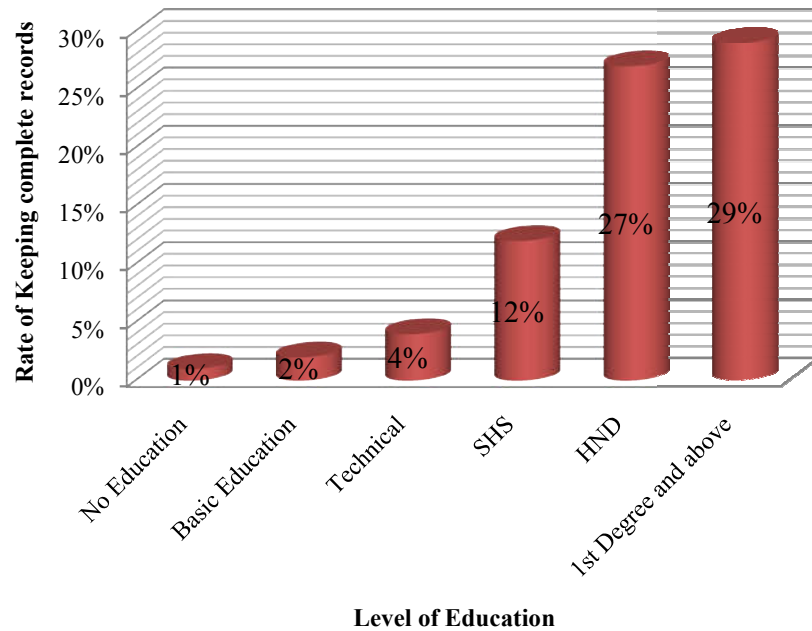
*Figure 1*: Level of education and rate of records keeping

From the figure, there is an observed relationship between level of education and rate of practice of bookkeeping. It can be seen that the higher the level of education the higher the owners keep records of their businesses. For instance, one percent (1%) of the respondents who had no education agreed to keeping complete records, two percent (2%) of those who had basic education confirmed that they kept complete records and four percent (4%) of those who had Technical education agreed to keeping complete records. Again, twelve (12%) of those with SHS qualification kept complete records, twenty seven (27%) of HND holders also kept complete records and twenty nine (29%) of First Degree holders and above confirmed that they kept complete records. Though in all the cases the owners are not keeping enough records, it clears from the percentages that the practice of bookkeeping increases with level of education.

35

The Chi-square test of dependency was used to formally test whether if the perception of importance of bookkeeping depends the level of education of the owners. The test results suggest that the null hypothesis that there is no dependency between level of education and perception of the importance of book keeping can be rejected at the five percent significant level (See Appendix 1). It could therefore be concluded that perception of bookkeeping as important and for that matter to practice bookkeeping depends on the level of education of the owners of the small and medium scale enterprises in the Cape Coast Metropolis.

These findings could probably be because bookkeeping is a skill that is acquired through formal education or training. Hence, it is not surprising that those with less formal education do not keep complete records as compared to those with higher formal education. The policy implication of this finding is that if the National Board for Small Scale Industries (NBSSI) could provide more training programmes on bookkeeping for SME owners, there may be an increase in the rate of bookkeeping practices among these enterprises. Another implication for SME owners could be for them to enroll in training programmes that could equip them with the necessary skills to enhance their bookkeeping practices.

The results are consistent with Tolentino (2000) who asserted that the readiness of owners to practice proper bookkeeping was influenced by the level of education of the owner or manager. Confirming the findings of Tolentino (2000), Muchira (2012) avowed that the educational level and experience of owners/managers has an impact on the quality of bookkeeping. Shane (2000) also established that higher education provides superior

technical knowledge and positively influences an individual's record keeping practices. The results also support the findings of Westhead, Wright and Ucbasaran (2001), who asserted that higher education implies the acquisition of organizational abilities that allow SME owners to better keep records and also exploit new opportunities. Therefore, more educated SME managers have the requisite skills, discipline, motivation, information and self-confidence to attain higher growth rates in their businesses.

**Types of Records Kept**

The study sought to assess the types of records commonly kept by the surveyed SMEs. Statements were given to the respondents to indicate either "Yes" or "No" depending on the existence or availability of the type of records kept. The results were presented inTable 6.

Table 6 -*Types of Records Kept*

| Records | Frequency | Percentage |
|---|---|---|
| Sales Journal | 93 | 93.0 |
| Purchases Journal | 66 | 66.0 |
| Cash Receipt Book | 83 | 88.0 |
| Creditors (Payables) Ledger | 61 | 61.0 |
| Stores Voucher or Goods Received Notes | 60 | 60.0 |

37

| | | |
|---|---|---|
| Separate Bank Account separate for Business | 38 | 38.0 |
| Cheque Payments Book | 34 | 34.0 |
| Petty Cash Book | 34 | 34.0 |
| Debtors (Receivables) Ledger | 23 | 23.0 |
| Payment Voucher | 30 | 30.0 |
| General Journal | 23 | 23.0 |

Field data, Adaane (2015)

The results in Table 6depict that most of the enterprises hadSales Journals (93%), Purchases Journal (66%), Cash Receipt Book (83%), Credit Ledger (61 %) and a Store Voucher or Goods Received Book (60%). Clearly the numbers that possess such valuable business items was quite encouraging for small and medium enterprises in a developing country like Ghana. However, other valuable records were not being kept by the enterprises. About 62 percent did not have separate bank account from that of the owner for the business, 66 percent did not have cheque payments book, another 66 percent did not have petty cash book, 77 percent did not have debtors ledger, 70 percent did not have payment voucher and 77 percent did not have general business journal for record keeping. In all the respondents were handed with 11 types of business records and generally they were keeping 5 out of the 11 records.

These results could be owing to the fact that most of the SME owners/managers had limited personal knowledge in bookkeeping. Because most of them kept incomplete records, they used either a note book or jotter to serve many purposes. Hence lack of understanding of proper bookkeeping is the main reason for the observed results.

The author agrees with Ismail and King (2007) and Muchira (2012) who established that there are some basic financial records that SMEs managers or owners need to keep for the success of a business. The basic records include the sales day book, purchases day book, cash receipt book, cheque payments book, petty cash book, general journal, nominal ledger, debtors' ledger and creditors' ledger. Contrary to this, most SMEs in this study did not have cheque payment books, petty cash books, debtors' ledger and payment vouchers for record keeping purposes. This means that more education is needed for these SME owners to appreciate the role of bookkeeping in their business growth and survival.

**Relationship between Bookkeeping andSales &Profitability**

The analyses of the responses were done in terms of the percentage of the respondents who either "Affirmed" or "Rejected" a given statement. If the percentage of respondents who either "Strongly Agreed (SA)" or "Agreed (A)" exceed the percentage of active respondents who responded "Strongly Disagree (SD)" or "Disagreed (D)", then the statement was said to have been "Affirmed" in the study. In the binary sense, a statement is said to have been affirmed if the sum of the responses in the SA and A columns exceeds 50 percent or otherwise rejected. The closer the total percentage of responses on a given statement by the respondents to 100 percent, the more acceptable is the statement.

Table 7 - *Respondents' Viewson the Effect of Bookkeeping on Sales and Profitability*

| Statement | SD | D | A | SA |
|---|---|---|---|---|
|  | (%) | (%) | (%) | (%) |

| | | | | |
|---|---|---|---|---|
| My sales have been increasing in the past few years | 10 | 63 | 19 | 8 |
| My customer base has increased in the past few years | 7 | 48 | 30 | 15 |
| I shall experience growth in profitability if I keep proper records | 0 | 7 | 65 | 28 |

Field data, Adaane (2015)

The results of Table 7 have a number of implications for the study. First about 73 percent [SD+D] of the enterprises declined to accept that their sales volume had increased in the recent years though 93 percent [A+SA] agreed that they had experienced some growth in their profitability in the same period. The major economic explanation to the two conflicting observations could be that firms had improved in their cost containment strategies and sales had been stable despite no significant increments in customer base.

The observation of non-increasing sales was supported by the observation that about 65 percent [SD+D] felt their customer base had not shown any significant increments in the past one year.

Another explanation could be that since majority of the respondents agreed that they did not keep complete written records, they were unable to determine whether or not their sales and customer base were really increasing. With regards to the increase in profitability, this could be explained from the point of view that since many of the enterprises did not have qualified bookkeepers to keep records, they were unable to prepare proper financial statements. The far they could go was to prepare an income and expenditure statement to find the difference and declare profits but they did not take into

40

account both the implicit costs (i.e depreciation, etc) and the explicit costs in the preparation of their financial statements.

From the reasons given to the role of bookkeeping in business operations, it is admissible that bookkeeping could have a positive or negative effect on the growth of enterprises. However, it is only those who keep records that can trace a trend over time to detect any growth or decline but those who do not keep records would have no evidence to detect any growth or otherwise.

Okoli (2011) established that profitability of a business can only be determined accurately when there are proper records. Some respondents confirmed that bookkeeping helped them to access credit from their bankers. This finding validates that of Alhassan and Muazu (2014) who opined that most financial institutions will often require evidence of a business performance before they advance credit. This evidence, the authors noted, can only be authenticated with accurate records of the business. Many respondents acknowledged that records keeping enabled them to track the activities of their businesses, plan their business effectively and to prevent money leakages out of their business.

On the other hand, since majority of the SMEs surveyed do not keep records, many did not even know whether they were experiencing growth in their businesses. For instance, 73 percent did not agree that they experience any growth in sales over the last one year and 65 percent did not agree that they experience any growth in their customer base much less in profitability. All these are the ingredients for business growth and survival. This finding is not surprising because Alhassan and Muazu (2014) who linked proper record

41

keeping to profitability of small scale enterprises in Nigeria found that lack of proper record keeping makes it impossible for owners of small businesses to do a critical assessment of their performance. The authors called for the maintenance of proper record keeping in enhancing their profitability and performance. In the same vein, Muchira (2012) opined that if one does not keep accurate and complete records the success of the business could be threatened in many ways.

The unfortunate thing is that many of the SME owners are just running the enterprises not bothering to know whether or not they are growing. Many of them said they "believe" the business is growing because there is no evidence of decline. This view is very dangerous because by the time they will observe the evidence of decline, the business might have gone beyond recovery. The surest way to know is by keeping records 'over a time'. A comparative analysis can then be made either over one year or six months to determine growth or otherwise (Olukotun, James &Olore, 2012).

The dependency between commitments to bookkeeping and perception of profitability growth was tested using Chi-square test of dependency. The test results suggest that a statistical dependency can be observed between commitment to bookkeeping and the perception of growth in profitability at the five percent significant level (See appendix 1). The possible conclusion was that the owners of enterprises that do not keep active record do not foresee any positive impact that bookkeeping can bring to their business if they should adopt it.

# CHAPTER FIVE

## SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary of the main findings, conclusions drawn from the findings and recommendations for policy consideration and further research.

**Summary of the Study**

The main objective of this study was to examine the perception of owners about the effect of bookkeeping on the growth ofsmall and medium-scale enterprises (SMEs) in the Cape Coast Metropolis. In order to achieve the main objective, the following research questions were asked to guide the study:

1. What types of records are kept by SMEs operators?

2. To what extent does willingness to keeprecord depends on level of education of SMEs owners?

43

3. What is the perception of SMEs owners on the effects of bookkeeping on the growth of their enterprises?

The quantitative research method and the survey design were employed in the study.

A structured survey questionnaire was the sole research instrument used in gathering primary data for the study. A total of 100 questionnaires were returned and used for analysis. The primary data from the questionnaire were put on an interval scale and analysed using descriptive statistics such as frequencies and percentages.The presentation of the results was done mainly by the use of tables and charts with the figures in percentages. The results were presented in chapter four but the main findings are summarized below:

1. Many (74%) of the SME owners perceived bookkeeping as an important tool for business growth. Despite this, majority of SME owners did not keep complete written records. Most of those who did not keep proper written records said they lacked personal knowledge of bookkeeping. Most SMEs kept manual records and did not even update them regularly. The common challenges that militated against bookkeeping practices were time constraints, financial and logistical constraints. Majority of the SMEs had no bookkeepers or accountants to keep their business records. In view of this many of them even kept records in their minds.

2. SMEs owners' commitment to bookkeeping practices was dependent on the level of education of SME owners. The higher the level of education, the higher the rate of keeping records.

3. At least some enterprises had sales day books (Journal), Purchases day books (Journal), Cash Receipt Book, Creditors Ledger and a Store

44

Voucher or Goods Received Book for records keeping purposes. Many SME owners did not have a separate bank account for the business which was different from that of the owner.

4.  A statistical dependence was observed between the importance that the SME owners attaches to bookkeeping and the perception that it adoption shall impact positively on the growth of their profitability

**Conclusions**

This study has provided an overview and relevant discussion on some of the key areas in bookkeeping within academic literature. It has also brought to bear relevant information for policy consideration. From the findings, it can be concluded that there is a mixed perception about bookkeeping among small and medium-scale enterprise owners in the Cape Coast Metropolis. Though some people did not see any benefit in bookkeeping, the majority understood the importance of bookkeeping in the growth of their businesses. Since the majority had a positive perception about bookkeeping, this is a good starting point for the National Board for Small Scale Industries (NBSSI) to intensify efforts to educate and train SME operators in bookkeeping. The unusual observation from the study was that, despite the high positive perception of bookkeeping among SME operators, only few of them really practiced bookkeeping. The reasons given were lack of personal knowledge in bookkeeping, lack of bookkeeper or accountant, time constraint and financial or logistical constraints.

Another conclusion that can be drawn from the study is that bookkeeping can have a positive effect on the growth of businesses. From the study, those who kept records of their business activities were able to confirm

that there was growth or reduction on sales, profitability and customer base but those who did not keep records were unable to observe any growth or reduction in their business sales, profitability and customer base.

The study can also conclude that preparation of financial statements was a problem among the SMEs surveyed. It was revealed that among those who kept some form of records, only a few prepared financial statements which were also limited only to income and expenditure accounts. Though it is worth acknowledging that the small enterprises cannot afford the services of a qualified accountant, at least someone with basic accounting background could be engaged and trained to serve as accounts clerk who will both keep records and prepare financial statements.

Finally, the study can conclude that majority of the SMEs did not have the basic books of accounts in place for the purpose of record keeping. Simple day books such as sales day book, purchases day book, receivables ledger, payables ledger, asset register, cash receipt book, cheque payments book and a petty cash voucher should at least be maintained in any business establishment. But this finding was not surprising because majority of the SME operators confirmed that they lacked personal knowledge in bookkeeping.

In general, it can be concluded that this study has effectively answered the research questions and can establish that there is still a mixed perception about bookkeeping among SME operators in the Cape Coast Metropolis and that bookkeeping is likely to have an impact on the growth of SMEs. There is also a positive relationship between bookkeeping and level of owner education. This study has also contributed to a better understanding of

bookkeeping among the 100 enterprises surveyed and has also contributed significantly to academic discourse and literature on the subject.

**Recommendations**

On the strength of the research findings and conclusions made, the following recommendations are hereby made for policy consideration:

1. It is recommended that the National Board for Small Scale Industries (NBSSI) in Ghana initiate policies that will intensify education of SME operators on bookkeeping since many of them lack personal knowledge in bookkeeping.

2. Many small-scale business operators think that employing capable hands to keep record of business operations is the concern of the big enterprises only. Therefore, for them to achieve good financial management and growth, it is recommended that SME operators employ at least an accounts clerk to keep proper and adequate records for the growth and survival of their businesses. The bookkeeper should also be trained to prepare traditional profit and loss accounts as well as balance sheets.

3. Business operators are also recommended to go for seminars and training programmes that will improve their record keeping skills since level of education has a direct relationship with proper bookkeeping practices.

4. As a matter of policy, SME operators should be encourage by their respective associations to keep the following record books - sales day book, purchases day book, receivables ledger, payables ledger, asset register, cash receipt book, check payments book, petty cash

47

**Suggestions for Further Research**

This study was limited to only SMEs in trading, service providers and manufacturing, hence a further research can be extended to cover SMEs in agriculture and construction industries.

Furthermore, the study did not collect continuous data to enable the researcher run regression to determine the relationship between bookkeeping and SMEs growth. In view of this, further research can be done using continuous data.

Finally, even though this study has established that bookkeeping has a positive impact on growth of SMEs, the study did not go further to carry out any test of causality between the two variables. It is recommended that further researchers may employ the granger test of causality to see which variable actually causes the other – is it business growth that propels the need for bookkeeping or it is bookkeeping that propels business growth?

# REFERENCES

Abor, J.,&Biekpe, N. (2006). Small business financing initiatives in Ghana.*Problems and Perspectives in Management, 4*(3), 57-74.

Acheampong, G. (2015). *Small and medium-scale enterprise (SME) survival in Ghana: A social network theory perspective*. Unpublished Master Thesis, University of Ghana, Accra, Ghana.

Achoja, F. O. (2011). Growth and survival of small scale Agribusiness firms inDelta State, Nigeria. *AgriculturaTropicaetSubtropica, 44*(2),65 -70.

49

Acquah, G.,Boakye, C.,Osei, J., Prempeh, E., &Arku, D. (2012). *Record of transactions (Bookkeeping practices) among small and medium scale enterprises*. Unpublished Master's Thesis, Christian Service University College, Kumasi, Ghana.

Adu, F. A. (2013). *Working capital management in trading and manufacturing firms in Accra and its effect on liquidity and profitability: A focus on Inventory and trade receivables.*Unpublished Master's Thesis, Ashesi University College, Accra, Ghana.

Ajayi, O. (1977).*Entrepreneurship development and small businessManagement.* Lagos: Dada Publishers.

Akande, O. O. (2011). Accounting skill as a performance factor for smallbusinesses in Nigeria, *Journal of Emerging Trends in Economics and Management Sciences (JETEMS), 2*(5), 372-378.

Alhassan, M.,&Muazu, I. (2014). Record keeping and the bottom line: Exploring the relationship between record keeping and business performance among small and medium enterprises (SMEs) in the Tamale Metropolis of Ghana. *Research Journal of Finance and Accounting, 5*(2),107- 117.

Amidu, M.,&Abor, J. (2005). Accounting information and management of SMEs in Ghana.*The African Journal of Finance and Management*, *14*(1), 15 – 23.

Amoako, K. O., Marfo, E. O., Gyabaah, E. N., &Gyamfi , O. (2014). Accounting records keeping practices of SMEs in Ghana: Evidence from Sunyani Municipality.*British Journal of Economics, Finance and Management Sciences,9,*120 – 132.

50

Amoako, K. O, Marfo, E. O., Gyau, K. E.,&Asamoah, F. O. (2013).Cash dudget: An imperative element of effective financial management. *Canadian Social Science*, *9*(5), 188-191.

Amoako, K. O. (2012).*Trust in exporting relationships: the case of SMEs in Ghana*.Unpublished Master's Thesis, Middlesex University.

Aruwa, S. A. (2005). *The business entrepreneur*.Kaduna: Academy Publication.

Aryeetey, E. (2001). *Priority research issues relating to regulation and competition in Ghana.* University of Ghana: Centre for regulation and competition,Working Paper Series. No. 9

Atawodi, O. W.,&Ojeka, S. A. (2012). Relationship between tax policy,growth of SMEs and the Nigerian economy. *International Journal of Business and Management, 7*(13),125 – 135.

Atherton, J. (1985). From life cycle to continuum: Some thoughts on therecords management-Archives Relationship.*Archivaria, 21*,43-51.

Beck, T., Demirguc-Kunt, A., & Levine, R. (2003).*SMEs' growth and poverty: Cross – country evidence*.Washington DC: World Bank Policy Research Working Paper.

Bowen, M., Morara, M., &Mureithi, S. (2009). Management of businesschallenges among small and micro enterprises in Nairobi Kenya, *Journal of Business Management,2*(1), 234 - 142.

Carter, S.,& Jones-Evans, D.(2000). *Enterprise and small business - principles, practice and policy.* Harlow: FT Prentice Hall.

Chelimo, J. K.,&Sopia, I. O. (2012). Effects of bookkeeping on growth of smalland medium business enterprises in Kabarnet Town, Baringo

County, Kenya. *International Journal of Science and Research, 3*(12), 432 – 437.

Chepkemoi, J. (2013). Factors influencing the Financial Sustainability of SelectedSMEs in Kenya.*Kenya Economic Review, 4, 24-29*.

Cohen, P. (2005). *Problems and development of small scale industries in India*. New Delhi: Discovery Publishing House.

Cromie, S. (1991). The problem experienced by young firms. *International SmallBusinessJournal, 2*(9), 43-52.

Cooley, P.,& Edwards, C. (1983).Financial objectives of small firms. *American.Journal of Small Businesses, 8*(1), 28-31.

Elhiraika, A., &Nkurunziza, J. (2006*). Facilitating firm entry, growth and survival with special attention to SMEs*.Ethiopia: Economic Commission for Africa.

Esaete, M. (2005). *Quality of record keeping and performance in small business enterprises*. Unpublished Master's Thesis,Makerere University, Kampala, Uganda.

Flynn, S. J. A. (2001). The records continuum model in context and its implications for archival practice. *Journal of the Society of Archivists, 22*(1), 48 - 53

Freeman, J. (2008). *Accounting practical approach*. London: Sage.

Frimpong, C. Y. (2013*).Strengthening SMEs in Ghana*.Retrieved fromhttp://www.ghanaweb.com/GhanaHomePage/features/artikel.php?ID=286949.Obtained on 21/03/2014.

Haryani, E. (2012). Accounting system for small business in Indonesia (case study convection business in TingkirLor Village), *Journal of Arts, Science & Commerce*, *2*(1),104 - 110.

Hughes, C. (2003). Opportunities for records managers working in the privateSector. Records management society of Great Britain. *Record Management Journal, 13*(3), 117-122.

IASB (2009). *International financial reporting standard for small and medium-sized entities.*London: IASC Foundation Pubs.

Ibenta, S.N. (2005). *Investment analysis and financial management strategy*. Lagos: University of Nigeria.

Ismail, N. A.,&King, M. (2007). Factors influencing the alignment of accountinginformation in small and medium sized Malaysian firms. *Journal of Information System for Small Businesses, 1*(1-2), 1-20.

Mairura, C. J. (2011). The influence of business records on businessperformance.*Journal of Language, Technology & Entrepreneurship in Africa, 3*(1), 34 – 40.

Marshall, P. (2000). Life cycle versus continuum – what is the difference?*Information quarterly, 16*(2), 68-74.

Maseko, N., &Manyani, O. (2011).Accounting practices of SMEs inZimbabwe: An investigative study of record keeping for performance measurement (A case study of Bindura).*Journal of Accounting and Taxation,3*(8), 171-181.

McKemmish, S. (2001). Placing records continuum theory and practice. *ArchivalScience, 1*(4), 333 – 359.

53

McMahon, R. G. P. (1999). Putting SME financial reporting into theoretical and accounting for non-accountants: Practical perspective.*Reserved Paper Series, 1*, 98-10.

Mott, G. (2008). *A manual for managers and students.*London: MPG Books Ltd.

Muchira, B. W.(2012). *Record keeping and growth of micro and small enterprises. A case study of Thika Municipality in Kenya.* Unpublished MBAthesis, Kenyatta University-Kenya.

Mbroh, J. K.,&Attom, B.E. (2012). Accounting and control systems practiced by small and micro enterprise owners within the Cape Coast metropolitan area of Ghana. *Asian Journal of Business and Management Sciences*, *1*(9),28-47.

Mbro, J. G.,&Attom, B. E. (2012). Accounting and control systems practiced Bsmall and micro enterprise owners within the Cape Coast MetropolitanArea of Ghana. *Asian Journal of Business and Management Sciences,1*(9), 28-47.

Ojala, J. (2002). *Why do small businesses fail?* Retrieved fromhttps://www.google.com.gh/search?q=Why+do+small+businesses +fail.+eview+of+existing+studies%2C+Old++Seminar+papers.&oq= Why+do+small+businesse.

Okoli, B. E. (2011). Evaluation of the accounting systems used by small scale enterprises in Nigeria: Thecase of Enugu-South East Nigeria, *Asian Journal of Business Management, 3*(4), 235 – 240

54

Olawale, F., &Garwe, D. (2010). Obstacles to the growth of new SMEs in SouthAfrica: A principal component analysis approach. *African Journal of Business Management, 4*(5), 729-738.

Olukotun, A. G., James, S. O.,&Ifedolapo, O. (2012). The roles of record keeping the growth and survival of small scale enterprises in Ijumulocal government area of Kogi State. *Global Journal of Management and Business Research, 12*(13), 54 – 66.

Osaze, E.B.,&Anao, R. A. (1990).*Managerial finance*. Uniben: Free Press.

Padachi, K. (2012). *Why SMEs ignore formal accounting systems? - Entity concept explanation*. International conference on applied and management sciences (IAMS'2012) June 16-17, Bangkok.

Peacock, R. W. (2008). Small business bankruptcy. *Accounting Forum, 1*(3), 51-52.

Premaratne, S. P. (2002). *The impact of entrepreneurial external resource networks on small business growth*. Sri Lanka: University of Colombo

PWC (2013). *Ghana banking survey: Harnessing the SME potential.*Accra: PriceWaterhouse Coopers Ghana.

Quartey, P.,&Abor, J. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 9, 218 - 223.

Reed, R. (2005). *Good small business guide: How to start and growyour own business.*London: A & C Black publishers Ltd.

Sekaran, U. (2000). *Research methods for business: A skill-buildingapproach*. Illinois: John Wiley and Sons, Incl. Publishing.

Shane, S. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science*, *11*(4), 448-469.

Siropolis, N. C. (2010). *Small business management: A guide to entrepreneurship.*Boston: Houghton Milifin Company.

Storey, D. J. (1994).*Understanding the small business sector*. London: Sage International.

Stover, M. (1997). *Why do I need record keeping*. Wisconsin: University of Wisconsin Press.

Suraj, A. (2011). *Assessment of bookkeeping practices and its relevance to SMEs in New Juaben Municipality in the Eastern Region of Ghana*. Unpublished Thesis, Kwame Nkrumah University of Science and Technology, Kumasi, Ghana.

Vickery, B.G. (1973)*Principles and practice of bookkeeping andaccounts*(21<sup>st</sup>ed.). London: Cassell Publishers.

Tolentino, A. (2000). *Guidelines for analysis and programmes for small andmedium enterprises development*. Enterprise and management development working paper EMD/13/E.

Westhead, P., Wright, M.,&Ucbasaran, D. (2001). The internationalization ofnew and small firms: A resource-based view. *Journal of Business Venturing*, *16*, 333-358.

Williams, A. J. (2010). A longitudinal analysis of the characteristics andperformance of small business in Australia.*Institute of Industrial Economics*, *2*(3), 201-258.

Worldie, A., Leighton, P.,&Adesua, A. (2008). Factors influencing small andmedium enterprises (SMEs): An exploratory study of

owner/manager and firm characteristics.*Banks and Bank Systems, 3*(3), 5-13.

Majumdar, S. K. (1997). The impact of size and age on firm-level performance:Some evidence from India. *Review of Industrial Organization, 12*, 231 -241.

World Bank (2013). *Explanatory Note, Enterprise Survey (ES).* Retrieved fromwww.enterprisesurvey.org

# APPENDICES

# APPENDIXA

**Test Statistics**

|  | Qualification | Bookkeeping_importance |
|---|---|---|
| Chi-Square | 260.667[a] | 77.893[b] |
| df | 6 | 3 |
| Asymp. Sig. | .000 | .000 |

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 21.4.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 37.5.

**Test Statistics**

| | Have_bookkeeper | Postive_impact_growth |
|---|---|---|
| Chi-Square | 84.507[a] | 34.160[a] |
| df | 3 | 3 |
| Asymp. Sig. | .000 | .000 |

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 37.5.

**APPENDIX B**

**QUESTIONNAIRE**

**UNIVERSITY OF CAPE COAST**

**COLLEGE OF DISTANCE EDUCATION, DEPARTMENT OF BUSINESS STUDIES**

**Questionnaire on**
**Bookkeeping and Growth of Small and Medium Scale Enterprises**

*Dear respondent*, this questionnaire is part of a research work in partial fulfillment of the requirements for the award of Master of Business

58

Administration Degree in Accounting at the College of Distance Education, University of Cape Coast. All your responses will be treated as confidential as this requirement is for academic purpose only.

## SECTION A: DEMOGRAPHIC INFORMATION

*Please tick (√) the appropriate option(s) that best apply (ies) to you.*

1. Age       [ ] 20-30     [ ] 31-40     [ ] 41-50     [ ] 51-60
2. Gender      [ ] Male     [ ] Female
3. Academic Qualification     [ ] No Education     [ ] Basic
   Education (Primary & JHS)   [ ] Technical   [ ] SHS     [ ] HND
         [  ] First Degree     [ ] Masters

## SECTION B: BUSINESS INFORMATION

*Please tick (√) the box that best represents your response or clearly write your response in the provided space.*

4. Name of Business
   (*Optional*)……………………………………………………………….
5. Location of Business (e.gAbura, Bakanu, etc) ………………………
6. The business sector engaged in is  [  ] Trade    [  ] Services   [  ]
   Manufacturing
7. Nature of Business

   [  ] General merchant

   [  ] Restaurant

   [  ] Provisions and cosmetic

   [  ] Pharmaceutical

   [  ] Hair dressing and barbering saloon

   [  ] Auto Mechanic/Spare parts dealer

   [  ] Construction & Building materials

   [  ] ICT

   [  ] General Electricals

   [  ] Pure water and other manufacturing products

   [  ] Others (please specify)

   ……………………………………………………

8. What type of business ownership do you operate?  [  ] Sole proprietorship        [  ] Partnership [  ] Family Business  [  ] Company  [  ] others (specify) ………………

9. Number of employees  [  ] Self [  ] 1-5  [  ] 6-10  [  ] 11-15  [  ] 16-20  [  ] above 20

10. How long have you been in business?  [  ] 1-5years  [  ] 6-10years  [  ] 11-15years  [  ] above 15 years

## SECTION C: PERCEPTION ABOUT BOOKKEEPING

Please indicate (by a tick √) the extent to which you agree with the following statements. Use SD = Strongly Disagree, D = Disagree, A = Agree and SA = Strongly Agree. Your response will indicate how you perceive the importance of bookkeeping in your business.

| Statement | SD | D | A | SA |
|---|---|---|---|---|
| I have personal knowledge about bookkeeping | | | | |
| I see bookkeeping as very important in my organization | | | | |
| I keep complete written records of my business transactions | | | | |
| I will recommend bookkeeping for a colleague business operator | | | | |

| Statement | SD | D | A | SA |
|---|---|---|---|---|
| I update my business records regularly | | | | |
| I keep manual records | | | | |
| I have an accountant or bookkeeper who keeps my records | | | | |
| I prepare financial statements for my business | | | | |
| I sometimes keep mental records of my business activities | | | | |
| I will welcome any training or education on bookkeeping | | | | |

60

**SECTION D: TYPES OF RECORDS KEPT**

Please indicate (by a tick √) whether or not the following records are kept in your business. Your response will indicate the types of records kept in your business.

| Statement | Yes | No |
|---|---|---|
| My business has a sales day book (sales journal) | | |
| My business has a purchases day book (purchases journal) | | |
| My business has a cash receipt book | | |
| My business has a separate bank account separate from the owner | | |
| My business has a cheque payments book | | |
| My business has a petty cash book | | |
| My business has a debtors (receivables) ledger | | |
| My business has a creditors (payables) ledger | | |
| My business has a payment voucher | | |
| My business has a general journal | | |
| My business has a stores voucher or goods received notes | | |

**SECTION E: EFFECT OF BOOKKEEPING ON SALES & PROFITABILITY**

Please indicate (by a tick √) the extent to which you agree with the following statements. Use SD = Strongly Disagree, D = Disagree, A = Agree and SA = Strongly Agree. Your response to these statements will indicate how bookkeeping affects your business growth.

| Statement | SD | D | A | SA |
|---|---|---|---|---|
| The sales of my business have been increasing over the years | | | | |
| I experience growth in profitability in my business | | | | |
| The number of my customers has been increasing | | | | |

61

| over the last one year | | | | |
|---|---|---|---|---|

11. Any other comment on keeping records (please indicate)

……………………………………………………………………

……………………………………………………………………

………………………………………………

*THANK YOU VERY MUCH FOR YOUR TIME!!*

UNIVERSITY OF CAPE COAST

COLLEGE OF DISTANCE EDUCATION

**POST EXAMINATION CORRECTION REPORT BY STUDENT**
**PECR-01**

Name of Student: **LAWRENCE AYINE ADAANE**     Reg  No.: **SB/DAC/13/0012**          Date of *Received:***11- 02 - 2017**

Programme: **MBA ACCOUNTING**                Centre: **CAPE COAST**

Title of Research: ***BOOKKEEPING AND PERCEPTION OF GROWTH OF SMALL AND MEDIUM SCALE ENTERPRISES IN THE CAPE COAST METROPOLIS***

| No. | Examiners' Suggestions | Action Taken | Page |
|---|---|---|---|
| 1. | *Topic:* <br> Generally okay. Unbold all circled texts | Done | Title page |
| 2. | *Abstract:* <br> Generally okay. It has all essential requirements | N/A | |
| 3. | *Table of contents:* <br> Effect all suggested corrections | Done | vi - x |
| 4. | *Chapter one: Introduction* <br><br> Generally okay. Close all spaces in the text and effect minor corrections throughout | Done | 1 - 9 |

1

| 5. | **Chapter Two: Literature Review** Generally okay. Close the spaces in the text and effect minor corrections. | Done | 10 – 22 |
|---|---|---|---|
| 6. | **Chapter Three: Research Methods** Generally okay. Effect all suggested corrections | Done | 23 – 27 |
| 7. | **Chapter Four: Results and Discussion** Unbold all table headings Remove gridlines in tables Tables should be double spaced | Done | 29 – 40 |
| 8. | **Chapter Five: Summary, Conclusions and Recommendations** Generally okay. Close spaces within texts and effect corrections on pages 50 & 51 | Done | 44 – 49 |
| 9. | **References:** Use double spacing throughout Use the APA style (Refer to UCC guide page 42) | Done | 50 – 57 |
| 10. | **Appendices:** Use Appendix A and B instead of 1 and 2. | Done | 58 - 59 |

*** Use additional paper if necessary**

Student's Signature:                                          Date:

*TO BE COMPLETED BY CHECKER*

Approved ☐          Not Approved ☐

*\* If not approved, please give reasons*

……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
……………………………………………………………………………………………………………………………………
…………………………

Name  :

Signature :                              Date:

3