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**A PROJECT WORK ON THE TOPIC: EFFECT OF ACCOUNTING PRACTICES AND
BOOK KEEPING ON THE PERFORMANCE OF SMALE AND MEDIUM
ENTERPRISES IN GHANA, A CASE STUDY IN KUMASI METROPOLIS**

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DECLARATION

We declare that the work presented in this dissertation is a result of our own research and findings. All references to other people's work that were used have been duly acknowledged.

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SUPERVISOR'S DECLARATION

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

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ABSTRACT

In developing countries like Ghana, Small and Medium Enterprises (SMEs) constitute about 90% of all businesses and occupy a central part of the Ghanaian economy as the main driver in terms of its contribution to income, employment generation and ultimately economic growth. However, over the years, many SMEs have folded up shortly after their establishment due to many factors; both environmental and internal.

Key among these factors is poor accounting and financial record keeping. The study therefore examines the type of accounting systems used in SMEs. The study adopted a quantitative research design with a sample size of 60 respondents. The researcher used purposive and random sampling techniques to reduce the possibility of research limitations. The secondary data collected were analyzed using SPSS computer software Version 16. The analyzed results are presented into descriptive representations such as tables and percentages.

The study discovered that majority of SME operators in the Kumasi Metropolis do employ accounting records in their operations. It also revealed that accounting records have positive effect on the performance of SMEs. Finally, the study found out that SMEs faced major challenges in adopting and implementing record keeping in the Kumasi Metropolis. Based on the findings the study concludes that the inability of SME operators to use accounting records in their daily record keeping activities leads to negative effects on their operations. The researcher therefore recommend that for better decision making and improved performance of SMEs, the National Board for Small Scale Industries (NBSSI) should collaborate with other benevolent NGOs to set up training organizations to offer basic training in accounting to SMEs operators at affordable cost.

DEDICATION

We dedicate this entire project work to the Lord Almighty, our supervisor Mr. Ernest Obeng, our family and friends and the respondents who have been very supportive to us throughout this project.

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We are grateful to the Almighty God, who has been our strength and provider. We also express our profound gratitude to our supervisor Mr. Ernest Obeng lecturer of Christian Service University College for his support, immense advice, encouragement and guidance, without which we would not have been able to complete this research work. In fact, he provided the kind of intellectual interaction and feedback best suited to our style of work.

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Finally, we are greatly indebted to all those who consented to answer our questionnaires for us during the research work and all those who contributed in diverse ways to make this work a success, we say Ayekoo!

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CHAPTER ONE

1.0 Introduction

Small and micro enterprises contribute significantly to socio-economic development and growth in both developed and developing countries. The increase in attention on SMEs records keeping results from the fact that SMEs are considered to play important roles in economic development of an economy. SMEs help create job opportunities; provide government with revenues through tax payments and also serve as source of innovation and business evolution (Kithae et al., 2012). This study examined the effect of accounting practice on performance of small and medium-scale enterprises (SMEs) in the Kumasi Metropolis. The study related to some previous studies on records keeping and performance of SMEs but with a different focus on accounting practices on SME performance 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.

1.1 Background of the study

Accounting practice according to Collins dictionary is the system of procedures and controls that an accounting department uses to create and record business transactions. Current there has been a growing concern for supporting the operations of Small and Medium-Scale Enterprises (SMEs) among governments (Amoako, 2012). Given their contribution to 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, and Gyamfi (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 and Muazu (2014) argued that SMEs promote innovative ideas and creativity in the business arena, as well as providing employment for many people.

In Ghana, 90% of businesses are small and medium enterprises which make the pivot of the country (Acolatse, 2012). They are essentially the drivers of the Ghanaian economy through their contribution to income, employment generation and ultimately economic growth. 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 a characteristic 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 roles of 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 SMEs in 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 Kumasi 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).

According to Longenecker, Moore, Petty, & Palich (2006), an accounting system must offer accurate and all-inclusive report of business activities and transactions, offer easy assessment between current and previous year's data. 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. 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 accounting practice to any performance measures of SMEs which is the focus of this study.

1.2 Statement of the problem

Many perceived that accounting was a very difficult process due to its difficulties and this was very common to Small and Business Enterprises. This study highlighted the importance of providing adequate accounting practices and book keeping to the Small and Medium Enterprises owners to enhance their performance as business leaders. Even though there are some more fundamental reasons for a business to fail to start or progress, the lack of book keeping records is the most immediate reasons. As a result, the growth of Small and Medium Enterprises is weakened. The real problem is the ability to use accounting practices, records and book keeping to manage resources effectively for a lifetime of financial wellbeing. It was noticed a hugged growth of research based on accounting practices, mostly related with book keeping and accurate accounting literacy levels, which were seen as indicators to sustain the need for accounting education

(Houston, 2011). Another reason for this recent growth in research was related to the effects of reducing fear associated with exposing business secret if adequate book keeping records were kept. Lack of book keeping by Small and Medium Enterprises had resulted in over and under estimation of profit.

1.3 Purpose of the study

Accounting practices which included records keeping was a worldwide concern.

This study is to examine whether the performance of a Small and Medium Enterprise depends on accounting practices and book keeping of the owner. Investors and potential investors got to understand the impact accounting practices and book keeping practices has on the performance and growth of Small and Medium Enterprises. It also assisted local enterprises understand that good records keeping practices of Small and Medium Enterprises has presented opportunities for good financial decision making.

1.4 Objective of the study

1. To evaluate the type of records kept by the Small and Medium Enterprise owners.
2. To examine problems encountered by Small and Medium Enterprise owners in keeping records.
3. To ascertain effect of accounting practices and book keeping practices on performance of Small and Medium Enterprise in Ghana?

1.5 Research question

- What type of records are kept by Small and Medium Enterprise owners?

- What problems are encountered by Small and Medium Enterprise owners in keeping records?
- What is the level of accounting literacy appropriate for managing Small and Medium Enterprises?

1.6 Significant of the study

The findings will contribute to academia knowledge in accounting especially on effect of accounting practice on performance of SMEs. The researchers and academicians will find this study useful for further discussion and research so that they can explore and further develop their studies on accounting practice and performances of SMEs. This study will also be of benefit to researchers who seek to further knowledge in the area of accounting practice and SMEs performance by identifying knowledge gaps in the area and broadening their research in the field to target employees in other sectors of the economy.

The study is of significant to the Policy makers who would be able to devised programs that promote SMEs performance. Due to the research findings, policy makers would be able to use the gaps in accounting practice to formulate appropriate training needs that address accounting practice which could lead to better financial management. Findings of this study would also provide information to SME owners towards finding long term solutions to their business record keeping challenges. It would also provide SME owners and stakeholders with information on value of quality record keeping as a pillar for sound business decision-making and subsequent good performance.

1.7 Delimitation of the study

The scope of the study comprises the effect of accounting practices on performance of SMEs in the Kumasi Metropolitan in Ghana. The study sought to find out accounting practices and on SMEs performance; assessed the effect of accounting practices on SMEs profitability and sales found out how accounting practices is used to overcome financial challenges. The study was delimited to small and medium-scale enterprises in the Kumasi Metropolitan with a focus on commercial activities such as trading, manufacturing and service enterprises. The areas covered included Kwadaso, Santasi, Ohwimasi many more. The study focused on bookkeeping, stock taking and budgeting as the independent variable while performance of SMEs was considered as a dependent variable. Besides bookkeeping, stock taking and budgeting there are other factors that could affect performance 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.

1.8 Limitation of the study

The study was restricted by the lack of willingness by Respondents to unfasten financial information on their businesses and since it is a subjective measure the researcher may not know if the response from their respondents are true. 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 generalization of the findings to all other categories of SMEs in the study area. SMEs in other industry was not included in this study. 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.

1.9 Organization of the study

This study is arranged under five chapters. Chapter one discussed the background information to the study, statement of the research problem, the purpose of the study, the objective of the study, research questions, and significance of the study. Chapter two contained review of relevant literature to the study's pitfalls and the establishment of the theoretical and empirical work for the study. The third Chapter established the methodology used in carrying out the study and the statistical tools used in the analysis of data. The results and discussion of both primary and secondary data is carried out in the fourth Chapter. The fifth Chapter concluded the study where the summary, key findings, conclusions, recommendations and suggestions for further studies have been established.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter described the theoretical foundation of the study and provided a review of literature on the nature of accounting and book keeping practices, its impact thereof on performance of SMEs. The chapter opened with an overview of theories and concepts of accounting practices and SMEs. This is followed by a look at the relationship between accounting practices and performance. Finally, the chapter concluded with empirical studies on the research topic highlighted.

2.2 Concept of Small and Medium Scale Enterprises

Most SME definitions are based on the role they play in a country economy, policies and programs which are designed by particular agencies or institutions empowered to develop SMEs. For instance, a small business in the developed economies of countries like Japan, Germany and United States of America (USA), may be a medium or large-scaled business in a developing economy like Nigeria. Moreover, the definition of SME also varies overtime from one agency or developing institutions to the other, depending on their policy focus (Etuk, Etuk & Baghebo, 2014). Despite these variations, SME definition can be based on either some quantitative or qualitative variables. The quantitative definition mainly expresses the size of enterprises in monetary terms as turnover, asset value, profit, as well as quantitative index like number of employees. Definitions of small and medium enterprises (SME's) vary from country to country, depending on one or more of verges outlined in respect of investment, employment, turnover etc. (Adjei, 2012)

There is no single uniformly acceptable definition of a small firm (Storey, 1994). Arriving at the definition of an SME is challenging as there are as many definitions as there are authors on the subject. What constitutes a small or medium enterprise has volumes of literature over the decades as there have been several attempts at defining what constitutes small and medium enterprises. Researchers and policymakers have used a variety of criteria from different perspectives which include; total worth, relatively size within industry, number of employees, value of products, annual sales or receipts, and net worth (Cochran, 1981).

Different writers have usually given different definitions to this category of business. SME's have indeed not been spared with the definition problem that is usually associated with concepts which have many components. The definition of firms by size varies among researchers as well as writers. Others define SME's in terms of their legal status and method of production (Adjei, 2012). The role of finance has been viewed as a critical element for the development of small and medium-sized enterprises. Previous studies have highlighted the limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development (Levy, 1993). Despite the potential role of SMEs to accelerated growth and job creation in developing countries, a number of bottlenecks affect their ability to realize their full potential. SME development is hampered by a number of factors, including finance, lack of managerial skills, equipment and technology, regulatory issues, and access to international markets (Gockel & Akoena, 2002). Finance is one of the life wires of every economic activity. Access to finance will provide start-up capital for the business as well as funds to meet operational costs. Not neglecting the fact that entrepreneurs may face lack of start-up financing as one of the difficulties in assessing start-up finance, there are other factors that come into place such as ignorance of sources of finance and lack of a saving culture. It is quite unfortunate that the problem

with access to financial capital has been long due though there seems to be a little improvement (Adjei, 2012). SMEs in Ghana can be categorized into urban and rural enterprises. The former can be sub-divided into 'organized' and 'unorganized' enterprises. The organized ones tend to have paid employees with a registered office whereas the unorganized category is mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some cases no salaried workers. They rely mostly on family members or apprentices. Rural enterprises are largely made up of family groups, individual artisans, women engaged in food production from local crops. The major activities within this sector include: soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smithing, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical based products and mechanics (Liedholm & Mead, 1987; Osei et al, 1993, World Bank, 1992; Gray, Cooley & Lutabingwa, 1997).

2.3 Concept of accounting practices

According to Marfo-Yiadom, Asante and Tackie (2013), "accounting is the art of collecting, analyzing, recording, summarizing, presenting, and interpreting financial and operating data expressed in terms of money for use by management of economic entities and other interested parties in making decisions or for control purposes." The American Institute of Certified Public Accountants has further submitted that accounting deal with recording, to classify and summarize in a significant manner and in monetary terms, events and transactions which possess financial character.

According to Yeboah Mantey (2017) accounting practice are said to be the routine manner in which the day-to-day financial activities of a business entity are gathered and recorded. An SME's accounting practice refers to the method by which its accounting policies are implemented and

adhered to on routine basis, typically by an accountant and/or auditor or a team of accounting professionals. According to Lawrence Ayine Adaane (2016) Accounting practices are intended to enforce a SME's accounting guidelines and policies. It exists as the daily recording of financial data that is important to the evaluation and monitoring of the SME's economic activities. Accounting practice refers to the normal, practical application of accounting and/or auditing policies that occurs within a business entity. Accounting practice can also be seen as the system of procedures and controls that an accounting department uses to create and record business transactions.

This is an important assumption of accounting as it gives the very basis for showing worth of assets in the balance sheet in the particular organization. According to European Commission (European Commission, 2008) affirms that utilization of accounting practices for a successful management of any entity, whether large or small especially in detecting fraud and theft in the firm. This is why these accounting practices are capturing the picture of most SMEs owners. This is accompanied with proper documentation of the firm's transactions of financial reports and records (Aruwa, 2005). Not only that, SMEs owners observed that they prefer to look into on making and selling their products and services rather than keeping accounting books. This perception is attributed to SMEs operators believed that accounting practices are too bureaucratic and time consuming (Mairura, 2011). The empirical evidence about the accounting practice of SME is organized in terms of evidence such as; record keeping, budgeting and stock taking.

2.4 Theoretical Review

2.4.1 The Record Continuum Theory

The main theory for the study is the Records Continuum Theory. The records continuum theory provides the theoretical justification for keeping business records (Alhassan&Muazu, 2014). This theory gives the theoretical details for keeping business records, according to the Australia Standard, observed that 4390 clearly indicated that the records continuum theory is ritually the excellent consistent and coherent of the management process in particular area with the view to improve efficiency as well as satisfying users in the particular area. Flynn (2001) found that the theory is very vital thus records continuum assist in giving very clear perspective of understandability and interpretation of practices given by production cycle.

According to Peacock (1998) he found out that the inefficient poor accounting technique results into the downfall of many firm. Record continuum theory is important given adequate and reliable records of firm activities are contentious issues, therefore provide insight into how recordkeeping can enhance ability to gain profit.

2.5 Conceptual framework

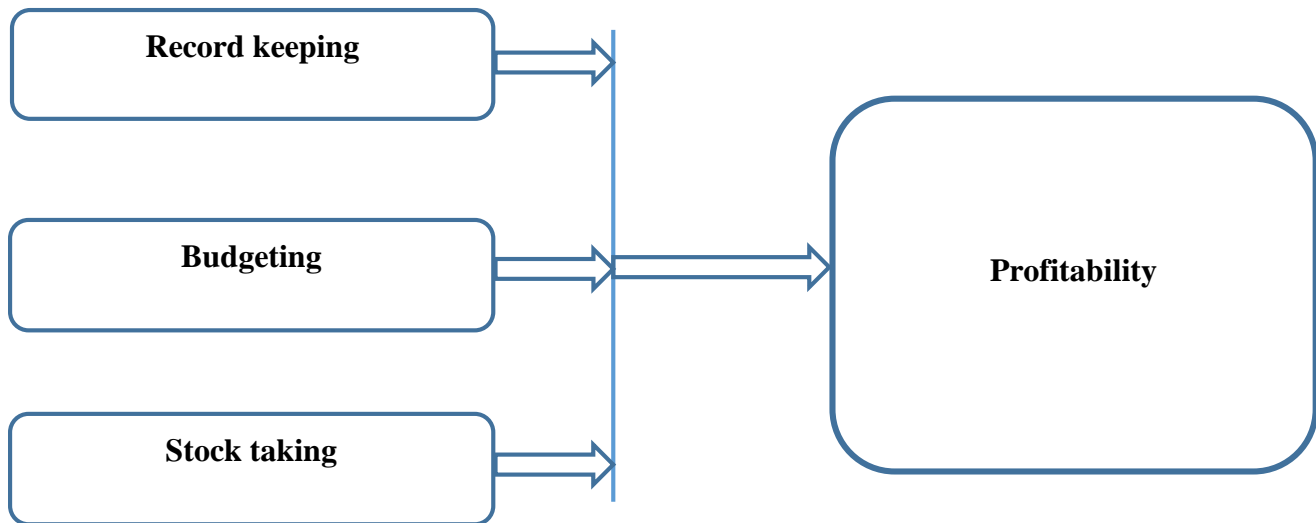
The conceptual framework presented in Figure 1 displays the relationship between the variables. The study identified independent variable as the accounting practice and the dependent variable as the performance of SMEs.

Independent Variable

Accounting Practices

Dependent Variable

Performance of SMEs



2.5.1 Record keeping

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 who called for the need for book keeping 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 asserted that 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 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.

2.5.2 Budgeting

Budgeting is the set of the activities of forecasting the financial demands of company in the future (Garrison, et al., 2003). A budget is a comprehensive plan which depicts the information about acquiring and using resources over a certain period of time. During the Budgeting process the anticipated levels of sales, cash flows and probable costs are assigned by the management (Horngren, 2006). Past research has mainly focused on the budgeting functions of the large corporations that are publicly listed in the developed economies. For instance, Dugdale (1994) reported that UK companies experienced eminent gains by careful planning of their budgetary functions and majority of the Australian companies have systemized and elaborated their planning processes (Bonn and Christodoulou, 1996). In addition, or it, it is also determined that strategic

planning positively influences the performance of SMEs (e.g. Aram & Cowen, 1990; Knight, 1993), but considerable attention is not paid to explore the influence of budgeting process on the performance of SMEs (Wijewardena & De Zoysa, 2001) which makes it an underdeveloped research area that warrants more attention. Budgeting process is adopted differently in firms depending upon their size and organizational diversity (Merchant, 1981).

Budgets are important to SMEs because they provide further-oriented information which facilitates monitoring and control of business performance (Hallsworth, 2015). They do so by highlighting the areas in which the actual performance deviates from the budgeted performance, so that an appropriate corrective action can be taken (Akande & Oluwaseun, 2014). In addition, budget facilitates coordination and alignment of different departments within a business towards common objectives by providing a bigger picture of desired objectives pursued by the SMEs (Hill, 2005).

2.5.3 Stock Taking

Inventory to many small business owners is one of the most visible and tangible aspects of doing business (Kuol Gabriel Wach, 2021). Raw materials, goods in process and finished goods all represent various forms of inventory. Each type represents money tied up until the inventory leaves the company as purchased products. Likewise, merchandise stocks in a retail store contribute to profits only when their sale puts money into the cash register (Pandey, 2004). In a literal sense, inventory refers to stocks of anything necessary to do business. These stocks represent a large portion of the business investment and must be well managed in order to maximize profits. In fact, many small businesses cannot absorb the types of losses arising from poor inventory management. According to Ballon (2004) unless inventories are controlled, they are unreliable, inefficient and costly. Inventory is an idle stock of physical goods that contain economic value, and are held in

various forms by an organization in its custody awaiting packing, processing, transformation, use or sale in a future point of time. Regular stock taking afford SMEs an accurate accounting of their stock levels, highlight major areas of weakness and loss – such as theft, damage and obsolescence – and provide the data that inventory managers need in order to forecast, plan, and purchase to best meet customer demand (Star and Miller, 2012). The best time to conduct a stock take is when it will cause the least amount of disruption to regular business operations. Make sure to schedule your stock taking during slow sales cycles, and outside of regular business hours. Appoint leaders with strong organizational skills to head up the stock taking, and task them with preparing all the necessary equipment required, such as portable bar code scanners, stock sheets, clipboards, pens and calculators.

Regular stock takes are extremely beneficial in helping SMEs streamline their inventory management and thereby optimize productivity and boost profitability. It may also be highly advantageous to your business to ensure that all stock can be accurately counted, tracked and traced throughout every stage of the inventory process by investing in a Regular stock takes are extremely beneficial in helping businesses streamline their inventory management and thereby optimize productivity and boost profitability (Wild, 2002). It may also be highly advantageous to Stocktaking is an arduous and time-consuming task that is often placed at the bottom of small to medium enterprises' (SMEs') to-do lists. This is not a good idea, because stocktaking forms a vitally important part of any operation's financial management processes," says Bridget du Toit, head of sales and services at EasyBiz Technologies, your business to ensure that all stock can be accurately counted, tracked and traced throughout every stage of the inventory process by investing in a good inventory management software system. Unleashed offers real-time perpetual

inventory functionality, where inventory is updated on a continuous basis, making regular stock takes a thing of the past.

2.6 Performance Measurement in SMEs

To gather data on these variables a questionnaire based on Lusardi (2008) was designed. The dependent variable is performance of SMEs, while the independent variables are accounting practice, performance regularity, level of education, years of working experience, what type of business do you do, form of business unit, category of business. The financial aspects of the performance have been employed to a greater extent in order to gauge the performance of the businesses in SMEs as they manifest the accomplishment of the economic objectives of the firm (Murphy, et al. 1996). A great deal of accounting practice acknowledges the underlying benefits of accounting measures as subjective measurement system certain to provide a brief view of the achievement of the intended purpose that directly relates with performance of the SMEs and practicability of its strategies and plans (Hopwood, 1972; Ross, 1994; Kaplan & Atkinson, 1998; Lau & Sholihin, 2005). Use of financial indicators as a measure of organization's performance is conventionally most commonly exercised accounting tool as it based on the principle of profitability which is one of the significant measurable goal of a firm (Kaplan and Atkinson, 1998). There are several financial indicators that are used as evaluation criteria in assessing the financial performance like profitability, sales revenue and the rest.

2.7 Empirical Review

This section of the study presents the empirical evidence regarding the objective of the study. Thus, the type of records kept by the SMEs owners in keeping records; problems encounter by Small

and Medium Enterprises owners in keeping records and effect of accounting practices and book keeping practices on performance of Small and Medium Enterprises in Ghana.

2.7.1 Type of records kept by the SMEs owners in keeping records

Accounting plays a great role in the success or failure of contemporary business institutions (Uddin et al., 2017). There is no requirement that records should be kept in a particular way as long as it reflects the business income, expenses, assets and liabilities (Ademola, 2012). In many countries, the laws mostly require that the Enterprises prepare financial statements and, often, have they 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, 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 organization: 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).

2.7.2 Problems encounter by Small and Medium Enterprises owners in keeping records

Accounting practices are very essential in the direct and control of smes because accounting practices help firms owners to have accurate information where they owners can relies on them when making SMEs decision making such as in the projection of the sales and purchases and making a big numbers of other financial analyses, but even with this in Musanze District, Northern Province, did not given much attention to them. Not only that, continued limited records keeping and poor financial reporting, have been initially seen as factors that results into the down fall of these SMEs (Tushabomwe, 2006). The particular SMEs that very bad record keeping, resources mismanagement, high tax rates hence resulted into down fall of many firms. Not only that Some Studies are showing that it is very hard for SMEs owners to access loans from banks and many saccos due to poor financial records as a requirement in financial institutions of particular area and at given period of time. Previous studies conducted by other scholars do not show the ways to overcome the problem of poor records keeping, problem of high tax rates, inadequate capital, lack of technical and managerial etc which are needed at SMEs institutions for survival. To fill the gap, the study show the strategies for improving skills in term of poor technical and managerial skills in the particular area, not only that inadequate of capital should be addressed through the government project by giving ,grants, loans to grow their own businesses. Many more issue of lack of technical and managerial skills, government should equip the entrepreneurs with technical skills to achieve their goals and objective in the particular area and lastly government should lower the

tax rates against smes in the particular area such to operate effectively and efficiently in the particular area

2.7.3 Effect of accounting practices and book keeping practices on performance of Small and Medium Enterprises in Ghana.

Dawuda and Azeko (2015) conducted an assessment of financial records keeping behavior of small scale businesses in Ghana, with evidence from Bolgatanga Municipality. Employing the multistage sampling method, 120 respondents were selected to partake in the study. The authors revealed that proper record keeping is key to the success of SMEs. Similar to the study by Dawuda and Azeko (2015), Tweneboah-Senzu and Ndebugri (2018) discovered that the value of quality record keeping helps to determine the financial position of businesses. Okpala (2019) examined the effect of accounting records on financial performance of small and medium industries in Anambra State, Nigeria. Employing the survey design and a questionnaire, 176 small and medium industries were purposively selected to partake in the study. The study found that sound accounting system has significantly improved the performance of small and medium industries in Anambra State. The analyst therefore recommended that the cost of operating sound accounting system should be minimized in order to encourage its adoption among small and medium industries operating within that jurisdiction. Aladejebi and Oladimeji (2019) investigated the impact of record keeping on the performance of selected small and medium enterprises in the Lagos Metropolis in Nigeria. Oyewole, Salman and Dunsu (2019) used 115 SMEs engaged in manufacturing and service activities to analyse the influence of management accounting system on business performance among SMEs in Lagos State in Nigeria. Employing the purposive sampling technique and a

questionnaire, the results showed that management accounting system has significant influence on SMEs performance and financial decision making.

2.8 Chapter summary

Chapter two of this study reviewed literature regarding the nexus between accounting practices and performance of SMEs. The study identified the conceptual reviews touching on SMEs, accounting practice. Furthermore, chapter two discussed the empirical composition of all the objective of the study. Finally, this chapter discussed the conceptual framework that is the independent variables, dependent variable and the moderating factor.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study examines the effect of accounting and book keeping practices on the performance of small and medium enterprises in Kumasi Metropolis. This section outlines the research methods and instruments used in the study. It specifically covers the research design, study area, sample size and sampling procedure, research instruments and data collection methods, as well as data processing, analysis and presentation.

3.2 Study Area

According to Sarantakos (1998), the study area is the boundary where the research work is to be carried out. The study was carried out in Ashanti Region, Kumasi using the Kumasi Metropolitan Assembly as a unit of analysis. The study was conducted with 60 registered SMEs in the Metropolis.

3.3 Research Design

This study adopted a quantitative design with cross sectional survey. According to Churchill (2011), cross sectional survey affords the researcher to capture the relevant information from almost all the key stakeholders within the SMEs across the Metropolis to be able to do a critical assessment. The study sought to collect data from the SMEs at one-point in time and determine the impact of accounting practices on performance of SMEs in Kumasi Metropolis. Creswell (2012) argues that cross-sectional survey design has the advantage of measuring current attitudes

or practices. It also provides information in a short amount of time, such as the time required for administering the survey and collecting the information. Cross-sectional survey was preferred as a method of data collection over others in this particular study due to the fact that many questions will be asked and it will be possible to reach the entire respondents within a short period of time (Fowler, 2002). According to Ary, Jacobs and Rezavieh (2002), survey allows researchers to gather information from a sample of people, comparatively quicker and cheaper. This is used to identify and assess the factors that influence or control the growth of Small and medium scale enterprises (SMEs).

3.4 Population of the Study

Population according to Cresswell (2014) is the total collection of elements about which an inference is made. The target population was 240 SMEs in the Metropolis and the population sample was SMEs engaged in trading, artisans and manufacturing. The research targeted those SMEs registered by the Kumasi Metropolitan Assembly because their number and locations will be known. 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.

3.5 Sample Size

According to Yeboah Mantey (2017) sample is a group of participants selected from a population and are studied to make a generalization to the population. Due to the wide range of statistical population, it is not possible to identify and interact with everyone in the society. To ensure a fair representation of each member of sample population, the sample size that was used for the study

was determined using the formula postulated by Yamane (1967). Our sample size for the study is 60 respondents. According to him, the sample size for any study can be determined using the relation:

$$n = \frac{N}{1+Ne}$$

Where the parameters;

n represents the sample size

N represents the SMEs total population

e is the margin of error (usually 0.05).

Substituting these values into the formula yields a sample size of;

$$n = \frac{\text{total no.of population}}{1+\text{no.of population} (0.05)}$$

3.6 Sampling Technique

Simple random sampling method was used to pick enterprises that had experience of five years and beyond of their operation within the Kumasi Metropolis. These enterprises could be information rich in terms of the value of book keeping and accounting practices. Due to the wide range of statistical population, it is not possible to identify and interact with everyone in the society. To ensure a fair representation of each member of sample population, simple random sampling procedure was used. It was used to select 240 small and medium enterprise owners that had experience of five years and beyond. Pieces of papers indicating “yes” and “no” were folded and put in a container and reshuffled for the SMEs owners to pick without replacement. Those who picked yes were included as participants for the study. This method of sampling gave each and everybody equal chance of being selected.

3.7 Data Collection Method

Questionnaire was used as the data collection instrument. It presented an even stimulus potentially to large numbers of people simultaneously and provided the investigation with an easy accumulation of data. Questionnaire is a method of data collection which asks respondents to give written or verbal response to a written set of questions (Fowler, 2009). The questionnaire was personally administered. Best and Khan (1993) observe that questionnaire enable the person administering them to explain the purpose of the study and to give meaning of the items that may not be clear. Gay (1992) maintains that questionnaires give respondents freedom to express their views or opinion and also to make suggestions. It is also anonymous. Anonymity helps to produce more candid answers than is not possible in an interview. A set of 20 closed ended questions were administered to the SMEs respondents. The questionnaire for SMEs owners was in four sections. Section A is on demographic background of the respondents, Section B is on the types of record kept by SMEs owners, section C is on problem encountered by SMEs owners in record keeping, section D the effect of accounting practice and bookkeeping practices on performance of SMEs owners. Secondary data was adopted for this study.

3.8 Data Analysis

The data collected were screened, coded and keyed into statistical product for service solutions (SPSS) computer software version 16 for easy analysis. Data analysis included the use of descriptive and inferential statistics. Descriptive statistics involved the use of frequency tables and percentages as well as bar charts. The inferential statistics involved using regression analysis. The data collected was entered into Statistical Product for Service Solution (SPSS) version 16 and analyzed descriptively. The analysis was done using descriptive statistics where mean, mode,

standard deviation and variance were used. Simple regression analysis was done to determine statistical relationship between dependent and independent variables. The SPSS was used to obtain coefficient and regression analysis, while in most cases these figures are also expressed as ratios or percentages of the total number of the respondents for ease of comparison. To achieve this, quantitative techniques were used to analyze the data. It involves the use of statistical techniques and management science methods like MS Excel in obtaining frequency distribution tables which will be used to determine the most frequently employed method of accounting literacy.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter captures the results, discussions and findings of the study. The study seeks to explore the perception of business owners about the effect of accounting practices and bookkeeping on the performance of small and medium enterprises in Kumasi Metropolis. Issues covered in the findings include demography, types of accounting records that are being kept by SMEs, problems encountered by SMEs and the performance of SMEs. The quantitative research method and qualitative research method were adapted in the study. The data analysis was done by the use of Statistical Package for Social Sciences (SPSS) version 16.

4.1 Demographic information of businesses

Demographic information of businesses was collected in the study. This area identified the background information of the business such as the form of business, how many people employed and number of years in operation were collected on the field.

Table 1**Form of Business**

		Frequency	Percent
Valid	Sole Proprietorship	37	61.7
	Partnership	9	15.0
	Private Limited Company	10	16.7
	Cooperative Society	4	6.7
	Total	60	100.0

From Table 1, which identifies the form of business of each respondent indicates a higher percentage (61.7%) of respondents were into Sole proprietorship as compared to Partnership with 15%, Private Limited Company with 16.7% and Cooperative Society with 6.7%. This analysis shows that 61.7 respondents in the Kumasi Metropolis engage in Sole proprietorship while the remaining 38% engage in Partnership, Private Limited Company and Cooperative Society.

Table 2

Years in operation of business

	Frequency	Percent
1-5years	42	70.0
5-10years	14	23.3
10years and above	4	6.7
Total	60	100.0

From Table 2, which covers the number of years in operation of the business. In this findings, 70% of respondents indicated 1-5years in operation whiles 23.3% indicated 5-10years in operation and 6.7% indicated 10years and above in operation of their business. The analysis shows that 70% indicating a majority of the respondents have been in operation for 1-5years whiles the remaining 30% of respondents fall between 5-10years and 10years and above.

Table 3

Number of employees in the business

	Frequency	Percent
Valid 1-10	45	75.0
11-20	8	13.3
20 employees and above	6	10.0
None	1	1.7
Total	60	100.0

Table 3 seeks to look at the number of employees in the business. In this findings, 75% of the respondents have employed 1-10 employees, while 13.3% of the respondents have employed 11-20 employees and 10% of the respondents have employed 20 employees and above. The remaining 1.7% of the respondents do not have employees. The findings show a higher percentage (75%) of respondents who have 1-10 employees and the remaining percentages is shared among 11-20 employees, 20 employees and above and none.

4.2 Accounting Records

The study covered the types of accounting records kept by Small and medium enterprises. The results are presented in the table below.

Table 4**Types of accounting records kept by Small and medium enterprises.**

Statement	Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
	%	%	%	%	%
My business records sales everyday	5.0	3.3	10.0	63.3	18.3
My business records purchases made daily	3.3	1.7	10.0	71.7	13.3
My business has a cash receipt book	5.0	5.0	13.3	53.3	23.3
My business has a separate bank account from the owner's	6.7	11.7	11.7	48.3	21.7
My business records debtors and creditors	1.7	0	6.7	70.0	21.7

Table 4 seeks to look at the types of accounting records kept by Small and medium enterprises.

The analysis indicates that majority of the respondents (63.3%) agree to recording sales of their

business while 5% of the respondents disagreed to recording sales of their business. Moreover, 71.7% of the respondents agreed to recording purchases made by the business while 3.3% of the respondents disagreed to recording purchases made by the business. Again, 53.3% of respondents agreed to have a cash receipt book while 5% of the respondents disagreed to having a cash receipt book. Also, 48.3% of respondents agreed to have a separate bank account from their business and 6.7% of the respondents disagreed to having a separate bank account from their business. Lastly, 70% of respondents agreed to recording debtors and creditors account and 1.7% of the respondents disagreed to recording debtors and creditors account. From the findings it can be concluded that majority of the respondent record sales, purchases, cash receipt, separate bank account and debtors and creditors record book. Few respondents indicated that they do not have accounting records.

4.3 Problems Encountered in Keeping Accounting Records

This study covers the problems encountered by businesses in keeping accounting records. The findings are shown in the table below.

Table 5**Problems encountered by SMEs in keeping accounting records**

Statement	Strongly Disagree (SD) %	Disagree (D) %	Neutral (N) %	Agree (A) %	Strongly Agree (SA) %
I don't have enough knowledge in Accounting records	11.7	33.3	13.3	41.7	0
It is expensive to acquire accounting software	1.7	8.3	25.0	53.3	11.7
I see accounting records as complex	5.0	21.7	30.0	36.7	6.7
The cost of keeping accounting records is expensive	8.3	28.3	16.7	41.7	5.0
I fear that keeping accounting records will expose the details of my business	10.0	35.0	20.0	33.3	1.7

Table 5 seeks to look at the problems encountered by SMEs in keeping accounting records. The analysis indicates that majority of the respondents (41.7%) agreed to not having enough knowledge in accounting records while 33.3% disagreed to not having enough knowledge in accounting records. Moreover, 53.3% of the respondents agreed that acquiring accounting software is expensive while 8.3% disagreed that acquiring accounting software is expensive. Again, 36.7% of respondents agreed that keeping accounting records is complex while 21.7% of the respondents disagreed that keeping accounting records is complex. Also, 41.7% of respondents agreed that the cost of keeping accounting records is expensive while 28.3% disagreed that the cost of keeping accounting records is expensive. Lastly, 33.3% of respondents agreed that keeping accounting records will expose details of their business while 35% of the respondents disagreed that keeping accounting records will expose details of their business. From the findings above, it could be concluded that majority of the respondent agree that they do not have enough knowledge in keeping records and keeping accounting records is expensive, complex and exposes business secret. Few respondents indicated that they do not encounter the above problems.

4.4 Business Performance

This study shows how the business measures its performance with regards to sales, customers and profit. The findings are shown in the table below.

Table 6**Measuring Business Performance**

Statement	Strongly Disagree (SD) %	Disagree (D) %	Neutral (N) %	Agree (A) %	Strongly Agree (SA) %
The sales of my business have been increasing over the years	0	8.3	15.0	68.3	8.3
The number of customers has been increasing over the years	1.7	6.7	15.0	65.0	11.7
The profit generated in my business has increased over the years	1.7	3.3	18.3	66.7	10.0

Table 6 looks at how businesses measure its performance with relation to sales, profit and customers. The analysis indicates that majority of the respondents (68.3%) agree to increase in sales of their business whiles 8.3% disagree to an increase in sales of their business. Moreover, 65% of the respondents agreed to an increase of customers while 6.7% disagreed to an increase of

customers in their business. Again, 66.7% of respondents agreed to an increase in profit while 3.3% of respondents disagreed to an increase in the profit of their business. From the findings above, it could be concluded that majority of the respondent agree in using sales, customers and profit in measuring the business performance. Few respondents indicated that the above business performance measurement is not visible in their businesses.

4.5 Relationship between Accounting Records and Business Performance

The findings in regression analysis in Table 7 and Table 7.1 demonstrates regression model summary together with the Anova which measures the fitness of the model using the dependent and independent variable. The coefficient is used to measure the confidence level of the data with respect to the objective of the study.

REGRESSION ANALYSIS

Table 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 ^a	.541	.447	.34233

a. Predictors: (Constant), My business has a separate bank account from the owner's, My business records sales every day, My business records debtors and creditors, My business has a cash receipt book, My business records purchases made daily

The results of the regression analysis as shown by Table 7 above shows that accounting records that include recording sales, purchases, and cash receipt book, debtors and creditors account has a

strong effect on business performance. That is, the predictions in the regression model provides a positive correlation ($R=0.735$) with performance. The coefficient of determination (r^2) from Table 7 is 0.541. It means that the independent variability of the coefficient represents 54.1% variance. The remaining 45.9% can be explained by other indicators, not included in the experiment. This shows that the data is statistically significant.

Analysis of Variance

Diversity analysis shows the relationship between these two variables. This section indicates the number p (“sig” for “importance”) of the prediction effect on the subject flexible. In this analysis, the relationship between accounting records and business performance was determined.

Table 7.1 presents the results

ANOVA^b

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.767	10	.677	5.774	.000 ^a
	Residual	5.742	49	.117		
	Total	12.509	59			

a. Predictors: (Constant), My business has a separate bank account from the owner's, My business records sales every day, My business records debtors and creditors, My business has a cash receipt book, My business records purchases made daily

b. Dependent Variable: BUSPER

The results in Table 7.1 indicates a $p\text{-value} < 0.05$ and $F = 5.774$. This means that there is a significant relationship between accounting records and business performance. The F-statistic

means that accounting records were a good predictor of variations in business performance. This concludes that the model is fit for the analysis.

Table 7.2

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.240	.660		1.880	.066
My business records sales everyday	.178	.090	.227	1.987	.053
My business records purchases made daily	.192	.110	.236	1.754	.086
My business has a cash receipt book	.074	.077	.109	.952	.346
My business has a separate bank account from the owner's	-.054	.068	-.084	-.789	.434
My business records debtors and creditors	-.233	.089	-.299	-2.611	.012

a. Dependent Variable: BUSPER

From the study coefficients, the model developed is $Y = 1.240 + 0.178X_1 + 0.192X_2 + 0.074X_3 + -0.054X_4 + -0.233X_5$

Where Y is Average Business Performance, X_1 is records of sales, X_2 is records of purchases, X_3 is cash receipt book, X_4 is separate bank account and X_5 is records of debtors and creditors.

The results in Table 7.2 above indicated that records of sales ($\beta_1 = 0.178$, $P < 0.05$) affected the business performance of business significantly. This implies that an improvement in records of sales will result in an improvement in business performance. Also, records of purchases ($\beta_1 = 0.192$, $P < 0.05$) affected business performance significantly and cash receipt book ($\beta_1 = 0.074$, $P < 0.05$) also affected business performance significantly.

From Table 7.2 above separate bank account of the business had no significant effect on business performance ($\beta_1 = -0.054$, $P < 0.05$). This implies that improving this independent variable records of sales and purchases was in place would not significantly improve business performance.

Also, records of debtors and creditors ($\beta_1 = -0.233$, $P < 0.05$) had no significant effect on business performance.

Reliability Statistics

Table 7.3

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.729	.756	5

The Cronbach Alpha is used to measure the reliability or internal consistency of items on a likert scale questionnaire. Cronbach alpha ranges from 0 to 1. Higher values indicate stronger

relationships between the items on the scale. A Cronbach alpha of 0.7 or higher is usually considered to be acceptable.

From the Table 7.3 the Cronbach alpha (0.729) indicates a stronger relationship or a higher level of consistency between the items on the scale. It can be concluded that the data is reliable or accepted.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.0 Introduction

This chapter introduces the summary of the main findings, conclusions made from the findings and recommendations for further research and policy implementation.

4.1 Summary

The main objective of the study was to examine whether the performance of Small and Medium Enterprises (SMEs) depends on accounting and book keeping practices of business owners in the Kumasi Metropolis. In order to attain the main objective, the following research questions were asked to guide the study:

1. What types of records are kept by Small and Medium Enterprise owners?
2. What problems are encountered by Small and Medium Enterprise owners in keeping records?
3. What is the level of accounting literacy appropriate for managing Small and Medium Enterprises?

The main findings of the study are summarized below:

1. More than 50% of SMEs owners agreed they record sales, purchases, cash receipt book and debtors and creditors ledger. Despite this less 54.3% of SMEs did not have a separate bank account for the business which was different from that of the owner. About 44.3% of SME owners agreed that acquiring accounting software is expensive therefore they adopted keeping manual records.

2. SMEs owners' commitment to bookkeeping practices was dependent on the performance of the business in regards to sales, profit and customers over the years. That is if the business increases in sales and profit due to accounting practices then the owner is likely to adopt bookkeeping and accounting practices.

4.2 Conclusions

This study has provided an outline and relevant discussion on some important areas in accounting practices and book keeping for further research and policy consideration. From the findings it can be concluded that even though some business owners have challenges in keeping accounting records, majority of the business owners have adopted accounting practices in keeping records of their business.

SMEs need reliable information in order to manage their operations in an effective and cost efficient manner. Otherwise poor record keeping may lead to poor business performance in order hand proper record keeping would lead to better business performance of the SMEs. As such there is the need for the owners and managers of the SMEs to enhance proper accounting practices and bookkeeping in order to attain a better business performance.

The study further revealed that business owners were willing to learn more and adopt new techniques in record keeping. The regression analysis showed that there is a positive relationship between bookkeeping and the performance of SMEs. From the study, those who kept records of their business activities were able to confirm that there was growth or increase in sales, profit and customer base but owners who did not keep records were unable to observe any growth or increase in sales, profit and customer base.

In general, it can be concluded that this study has answered the research questions and can establish that the performance of SMEs depends on the accounting and bookkeeping practices among SME owners in the Kumasi Metropolis.

4.3 Recommendations

Based on the findings of the research and conclusions made, the following recommendations are hereby made for policy consideration and further research:

1. Since the majority of SMEs have adopted accounting and bookkeeping practices, the National Board for Small Scale Industries (NBSSI) should intensify efforts to educate and train SME owners in bookkeeping and educate owners who face challenges in adopting accounting practices.
2. The current study recommends that record keeping in SMEs must be made mandatory to improve accounting practices and business operations. This would ensure that SME owners are equipped with the adequate business knowledge in running their business.
3. It is recommended that the Ministry of Trade liaise with the NBSSI and find the gaps relating to SMEs in keeping records in order to bring out policies or solutions for SME owners.
4. National Board for Small Scale Industries and business managers in the country should borrow the study results to establish the most significant accounting practices.

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QUESTIONNAIRE

Dear respondent, this is a research being carried out by final year students of Christian Service University College. This questionnaire is designed to assist in collecting data to determine the effect of accounting practices and book keeping on the performance of small and medium enterprises in the Kumasi Metropolis. Please note that the findings of this research are solely meant for academic purposes and all responses will be treated with utmost confidentiality. Please tick the appropriate box to indicate your preferred answer.

Section A: Business Information

1. Form of business organization (please tick one)

☐ Sole proprietorship ☐ Partnership ☐ Private Limited Company

☐ Cooperative society ☐ Joint venture

Others (please specify)

2. How many years have you been in operation?

☐ 1-5years ☐ 5-10years ☐ 10years and above

3. How many people have you employed?

☐ 1-10 ☐ 11-20 ☐ 20employees and above

Section B

1. The types of accounting records that are being kept by Small and medium enterprises.

Please rank agreement or disagreement to the following statements. 1- Strongly Disagree (SD), 2- Disagree (D), 3- Neutral (N), 4- Agree (A), 5- Strongly Agree (SA).

NO.	Accounting Records	1	2	3	4	5
1	My business records sales everyday					
2	My business records purchases made daily					
3	My business has a cash receipt book					
4	My business has a separate bank account from the owner's					
5	My business records debtors and creditors					

Section C

2. Problems encountered by Small and medium enterprises.

Please rank agreement or disagreement to the following statements. 1- Strongly Disagree (SD), 2- Disagree (D), 3- Neutral (N), 4- Agree (A), 5- Strongly Agree (SA).

NO.	Accounting Records	1	2	3	4	5
	Problems					
1	I don't have enough knowledge in Accounting records					
2	It is expensive to acquire accounting software					
3	I see accounting records as complex					

4	The cost of keeping accounting records is expensive					
5	I fear that keeping accounting records will expose the details of my business					

Section D

1. Effect of Accounting Practices and Book Keeping on Performance

Please rank agreement or disagreement to the following statements. 1- Strongly Disagree (SD), 2- Disagree (D), 3- Neutral (N), 4- Agree (A), 5- Strongly Agree (SA).

NO.	Subjective Measurement	1	2	3	4	5
1	The sales of my business have been increasing over the years					
2	The number of customers has been increasing over the years					
3	The profit generated in my business has increased over the years					