ASSESSMENT OF FINANCIAL RECORDS KEEPING BEHAVIOUR OF SMALL SCALE BUSINESSES IN KUMASI: A CASE STUDY OF ADUM

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DECLARATION

We hereby declare that this submission is our own work towards the Bachelor of Business Administration (Accounting) and that, to the best of my knowledge, it contains no materials previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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DEDICATION

We wish to dedicate this work to the Almighty God for granting us the knowledge and wisdom to go through this program and to our family for their support.

ACKNOWLEDGEMENT

We hereby express our profound gratitude and thanks to the God Almighty for His sustenance. It has been a worthwhile journey despite the numerous challenges we encountered. We remain grateful to our Supervisor, Abraham Osei-Wusu for his patience and assistance throughout the work.

ABSTRACT

This study examined the financial records keeping behaviour of Small Scale Businesses in Kumasi using Adum as a case study. Quantitative research methodology was adopted to collect data for the study to achieve the objectives of the study. The study utilized questionnaire in the gathering of primary data. As reflected from the study, it is evident that financial records keeping behaviour is an important contributor to profitability of SSBs. This therefore, reflects the need for training programmes on budgeting and planning, debt management, record keeping, saving and retirement plans in schools and other institutions that seek to promote financial literacy and practice. Findings of the study brings to the fore the need to provide SSBs with permanent services, facilities, training and access to credit facilities to boost their businesses. Planning and zoning should be done to ensure the space allocated for SSBs is accessible, with proper communication network, and with proper sheds. This study recommends that, there is the need for government agencies along with micro finance institutions and banks to undertake financial education programmes such as risk management, debt management, record keeping and budgetary skills among others that will create awareness on areas that are lacking such as more effective sources of funds for start-up businesses. This will encourage SSBs to expand and grow in areas they are lacking. Financial education programmes will not only improve the growth of the enterprises but also the entire economy as SSBs contributes so much to the economies where they exist.

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CHAPTER ONE

1.0 Introduction

1.1 Background to the Study

The informal sector of the business environment comprises the non-salaried private men and women who set them-selves up in small businesses. According to a report on Global Aging issued in 2008, members in the informal sector formed about 80% of the working population in Ghana.

Since the prospects of getting white collar jobs has become harder and harder, many people, educated and non-educated, are reverting to being self-employed. One way of being self- employed is to start a small business. Small Scale businesses play a pivotal role in the development of the economy of developing countries but this function is being dwindled due to lack of understanding and applicability of proper financial keeping records practices by these businesses. A proper system of financial records keeping has become integral part of managing enterprises in today's competitive and challenging business environment.

In Ghana, the definition of a Small Scale Businesses (SSB) varies from time to time and according to institutions. The Ghanaian Government had used various definitions and criteria in identifying what is referred to as small scale businesses. At certain point in time, it used investment in machinery and equipment and working capital. At another time, the capital cost and turnover were used. However, the Ministry of Trade and Industry, under whose jurisdiction the Small Scale Businesses are, has adopted a somewhat flexible definition especially as to the values of installed fixed cost. According to the Venture Capital Fund Act 2004 (Act 680) in Ghana, a SSB is an industry, project, undertaking or economic activity which employs not more than 100 people and whose total asset base, excluding land and building, does not exceed the cedi equivalent of $1 million in value.

The National Board for Small Scale Businesses (NBSSBs) describes small scale businesses as those enterprises employing twenty nine (29) or fewer workers. According to Mensah (2004), small scale businesses in Ghana are generally owned by a single person, who takes all major decisions and who often has limited formal education, and lacks information in the use of new technologies and the credit market.

Small scale businesses are also characterized by weak management skills, lack of technical know-how and extreme working capital volatility . Kayanula and Quartey, (2000) noted that in Ghana, small scale businesses employs a large part of the labour force and the growth of employment in the small scale businesses sector is about 5% higher than in large scale businesses and the sector's contribution to GDP was 6% percent in 1998.

However, a comprehensive financial record keeping system makes it possible for entrepreneurs to develop accurate and timely financial reports that show the progress and current condition of the business. With the financial report, one can generate from a good recordkeeping system, compare performance during one period of time (month, quarter or year) with another period, calculate trends and plan for the business's future. An accurate record of the business' financial performance is vehicle to monitor performance in specific areas, Complete and accurate income tax ,a basis for sound planning for the future and basis for discussion with partners, potential investors, and lenders, all these are important aspects which enhance performance of the business.

According to Amidu (2011), the small business's accounting provides the means for the business owner to determine his tax liability in regard to sales taxes and personal or corporate income taxes. Abor & Quartey (2010) lamented that, even though majority of small scale businesses owner or managers did not have adequate accounting knowledge; they failed to seek professional advice on technical challenges and rather tend to take crucial financial decisions themselves. They added that, proper accounting practices can actually help a business to succeed.

According to Kayanula and Quartey (2000), despite the numerous institutions providing training and advisory services, there is still a skills gap in the small scale businesses sector as a whole. This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency. Lack of adequate financial knowledge places significant constraints on small scale businesses development. It is also observed that, notwithstanding the recognition of the role of small scale businesses in the development process in many developing countries, small scale businesses development is always constrained by the limited availability of financial resources to meet a variety of operational and investment needs. A relevant performance indicator provides information to make a difference in a decision by helping users to either form predictions about the outcomes of past, present, and future events or to confirm or correct prior expectations.

It deals with the predictive value and/or feedback value. They should be able to keep track of their day-to-day transactions and have a preliminary general ledger ready for their accountant. If they keep good records, their accountant will produce more accurate financial statements and/or tax return, and will do it faster and cheaper. They should get their records ready and set up an appointment with their accountant as early as they can.

In Ghana, empirical studies show that major constraints to small scale businesses' expansion include the following: lack of financial records keeping behaviour, lack of access to finance, low demand for output, technology, raw materials, labour and management, infrastructure, marketing and business environment problems (Aryeetey et al., (1994); Baah- Nuakoh (2003); Kayanula and Quartey (2010). All the above discussed points have set the ground for further deliberations on the assessment of financial records keeping behaviour of small scale businesses in Kumasi, Adum.

1.2 Statement of the Problem

This topic, an assessment of financial records keeping behaviour of Small Scale Businesses is not new in the Ghanaian environment, authors worldwide have researched into it and their findings were for instance, Mitchell, Reid and Smith (1999) and Marriott and Marriot (2002) observed that, in the United Kingdom a number of research work had been directed towards the financial management systems that operate within Small Scale Businesses. These authors found out that, Small Scale Businesses owners have not given much attention to financial records keeping in relation to their business transaction, despite its importance in the success of businesses.

In the United States, Maseko (2011) and Howard (2009) stipulate that, financial record keeping is the backbone of one's business and that, keeping accurate financial records actually creates a profitable business but many small businesses failed to keep adequate records. Moreover, in Ghana authors such as Boachie-Mensah and Marfo-Yiadom (2005), noted over 60% of new businesses fail within five years with their assigned reasons being managerial incompetence, lack of experience and poor financial controls. However, in the Kumasi metropolis, small scale businesses are fast springing up but the supply of professional accounting services to these small businesses is limited. This does not go well because they do not get to know their financial performances and position of their businesses which may lead to their collapse. Moreover, no study has been done in the Kumasi metropolis in recent times about the financial records keeping behaviour of small businesses. In view of that, the researchers are motivated to study the assessment of financial records keeping behaviour of Small Scale Businesses in Adum in the Kumasi metropolis.

1.3 Research objectives

The objectives of the study are grouped into two; namely general objectives and specific objectives.

1.3.1 General Objectives

The general objective of the study is to conduct an assessment of financial records keeping behaviour of small scale businesses in Kumasi: A case study of Adum.

1.3.2 Specific Objectives of the Study

Specifically, the research seeks:

1. To evaluate the kinds of financial records kept by small-scale business operators.
2. To assess owners of small scale businesses' perception on the benefits of proper records keeping.
3. To determine the factors that account for the failure of small scale businesses in keeping proper books of accounts.

1.4 Research Questions

For the purpose of this research, the following questions were drawn in order to achieve the specific objectives of the study.

1 What are the kinds of financial records kept by small-scale business operators?

2 What are the benefits of proper records keeping?

3 What are some of the factors that account for the failure of SSBs in keeping proper books of accounts?

1.5 Significance of the Study

The significance of this study cannot be underestimated;

The study will assist stakeholders such as Institute of Chartered Accountants, Ghana, (I.C.A), Bank of Ghana (BoG) and government agencies to know data about financial performance of small scale business units for tax purposes and will also enable small scale business owners to know the importance of financial record keeping.

Furthermore, it will contribute to the body of knowledge on similar studies and serve as reference for other scholars in further research into all aspects of management including financial record keeping.The study will benefit the researchers in partial fulfilment of the requirements for the award of a degree at the Christian Service University College, School of Business.

1.6 Scope of Study

The study focused on only businesses which had less than 10 employees, and working capital not exceeding GH¢50,000. Such businesses were also to be located in Adum within the Kumasi Metropolitan Area.

1.7 Summary of Methodology

The methodology section is an important component of the research that essentially maps out the methods used during the research work. The study made use of only primary data. The primary data was gathered from the field by administering questionnaires to respondents.

Moreover, the study adopted the quantitative technique to analyse and resolve the research questions. The reasons why the researchers chose the quantitative research techniques are outlined as follows:

1. Quantitative research method helped the researchers to use tools such as questionnaires or computer software to collect numerical data.
2. It also helped to arrange data in the form of numbers and statistics, often arranged in tables, charts, figures, or other forms.
3. The specific objectives of the study could best be answered with a quantitative approach. Information ought to be sought from several respondents to answer each of the objectives. .
4. The quantitative research method assisted the researchers to classify features, count them, and construct statistical models in an attempt to explain what is observed.

1.8 Organization of the study

The study work comprised five (5) chapters Firstly, the chapter introduced the background of the study, statement of the problem, objectives of the study, research questions, and significance of the study, scope and limitations of the study as well as the organization of the study**.** The second chapter reviewed previous related studies on the topic as well as theories that are related to the study and this focused on review of relevant literature and theoretical framework; examined what other researchers have written and said about this particular topic. The third chapter also considered the methodology; explain data collection, data processing, and methods to be used in analysing the field data among others and the chapter four presented the findings of the study and discussions relative to the literature review and the final chapter summarized the findings of the study and conclusions that was reached and relevant recommendations based on the findings and for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature and discusses relevant and useful theories that best describes this study and it includes discussions on the theoretical framework of the study. Literature review is an indispensable tool in research since it assists the researcher greatly to obtain relevant material in relation to the topic in order to conduct an effective research. The unit of analysis would be an assessment of financial records keeping behaviour of small scale businesses in Kumasi using Adum as a case study. However, the literature for this study would basically be drawn from books, newspapers, journals, magazines, international agencies' reports, government official documents, lecture notes and online documents.

2.2 Definition and Concept of Small Scale Businesses

Different authors have usually given different definitions to this category of business. According to Kayanula and Quartey (2000), in Ghana, small scale businesses can be categorized into urban and rural enterprises. The former can be subdivided into “organized” and “unorganized” enterprises. The organized ones mostly 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 few 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 (Osei et al., 1993; Kayanula and Quartey, 2000).

2.3 Small Scale Businesses Definition in the Ghanaian Context

There have been various definitions given for small-scale enterprises in Ghana but the most commonly used criterion is the number of employees of the business (Kayanula and Quartey 2000). In applying this definition, confusion often arises in respect of the arbitrariness and cut off points used by the various official sources. In its Industrial Statistics, the Ghana Statistical Service (GSS) considers business with fewer than 10 employees as small-scale businesses and their counterparts with more than 10 employees as small scale businesses. Ironically, the GSS in its national accounts considered companies with up to 9 employees as small scale businesses (Kayanula and Quartey, 2000). The value of fixed assets in the business has also been used as an alternative criterion for defining small scale businesses. However, the National Board for Small Scale Businesses (NBSSBs) in Ghana applies both the "fixed asset and number of employees" criteria. It defines a small-scale enterprise as a firm with not more than 9 workers, and has plant and machinery (excluding land, buildings and vehicles) not exceeding 10 million Ghanaian cedis. The Ghana Enterprise Development Commission (GEDC), on the other hand, uses a 10 million Ghanaian cedis upper limit definition for plant and machinery.

It is important to caution that the process of valuing fixed assets poses a problem. Secondly, the continuous depreciation of the local currency as against major trading currencies often makes such definitions outdated (Kayanula and Quartey, 2000).

In Ghana, Steel and Webster (1991) and Osei et al., (1993) used an employment cut-off point of 30 employees in the definition of small scale businesses in Ghana. Nevertheless, Osei et al., (1993), classified small scale businesses into three categories, namely: micro - employing less than 6 people; very small - employing 6-9 people; and small between 10 and 29 employees. Another definition given by the Regional Project on Enterprise Development Ghana Manufacturing Survey Paper classified firms into: micro business, less than 5 employees; small business, 5-29 employees; medium business, 30-99 employees; large business, 100 and more employees (Teal, 2002).

Small scale businesses in Ghana are generally owned by a single person, who takes all major decisions and who often has limited formal education, and lacks information in the use of new technologies and the credit market, according to Mensah (2004). Financial record keeping also known as book keeping is an important accounting process that involves recording of all business transactions for sustaining and expanding a business. These includes the process of collecting, organizing, storing and analysing the financial information of an entity to facilitate its day to day operations and preparations of statements, tax returns and internal reports. Enterprises require records to be used by managers as guides for routine action, decision making, formulation of policies and maintaining relationships with stakeholders (Lusimbo & Muturi, 2016). According to Sucuahi (2013), it is an important skill for business owners because it provides vital information for decision-making. He added that it is a measure of financial literacy because not all summaries of daily transactions cannot be recorded in the human memory.

2.4 General Overview of the Small Scale Business Sector in Ghana

There is no available data on the exact number of small scale businesses in Ghana, but statistics from the Registrar General’s department shows that about 90 percent of registered companies are small scale businesses, this is partly because many of these small scale businesses are in the informal sector, with many of them unregistered (Mensah, 2004). The statistics on small scale businesses are poor for a number of reasons: lack of a uniform definition, high cost of conducting industrial census, and the fact that many small scale businesses do not register and remain outside the formal economy (UNCTAD, 2005). Ackah and Vuvor (2011), noted that peculiar characteristic of small scale businesses in Ghana, which is often cited as the reason for their inadequate access to finance, is their low participation in the international and local capital markets as compared to larger firms and this exclusion is due to the higher cost of intermediation of smaller projects. This phenomenon is attributed to the nature of the financial system.

Another feature of small scale businesses in Ghana is that, their products or services are provided for the local market. It is only a few numbers of these small scale businesses who have the capacity to market their products abroad. This is largely due to the huge capital requirement for engaging in export trade and the low level of education, training and awareness of some small business owners. Most of these small scale businesses are labour intensive and operate with low technological know-how and innovation. They are mostly family-owned businesses, often with little separation of the business finances from that of the owners of the business (Ackah and Vuvor, 2011). They are also characterized by weak management skills, lack of technical know-how and extreme working capital volatility (Mensah, 2004). In Ghana, the small scale businesses are made up of varied number of businesses such as provision and retailing shops and supermarkets, restaurants and food vendors, hair dressing and barbering saloons, clothing and tailoring shops, carpentry and furniture making shops as well as small scale manufacturers of assorted items such as fruit drinks, sachet water among others (Kayanula and Quartey, 2000; Ackah and Vuvor, 2011). Those small scale businesses in rural areas are largely made up of family groups, individual artisans, women engaged in food production of local crops, textiles and leather, agro processing, timber and mining among others (Kayanula and Quartey, 2000). Urban and rural small scale businesses in the informal sector as well as those in the industrial sector are very heterogeneous in terms of productivity, entrepreneurial talents, and profits, level of technology, capital assets, and development prospects (Seibel, 1996).

2.5 The Importance of small scale businesses keeping financial records

The UNCTAD (2000), observed the need for promoting transparency with adequate records keeping early on in the business developmental phase of small scale businesses as paramount. In the view of Mbroh and Attom (2012), it is equally acknowledged that by their nature, the small scale businesses owners' relevant academic and accounting backgrounds are expected to influence the success or otherwise of this critical function of financial records keeping.

Researchers such as Ismail and King, 2005; Grant et al., 2008; and Barker (2003) noted that, at least theoretically, the specific types of financial records held by a business entity have a lot of influence on the respective business in one way or another. Similarly, there are several components of relevant financial records; from receipts and invoices through the day books, the ledgers and then the final accounts (income statement and statement of financial position especially in the case of small scale businesses). Mbroh and Attom (2012) observed that, underlying the success of a small scale business is the establishment and application of controls by the owners or management in addition to the systematic record keeping of business transactions, which, at the end of the period, keeps the owner well-informed about the performance of the business.

A proper system of financial records keeping has become integral part of managing enterprises in today's competitive and challenging business environment. A good financial record keeping enables business organizations to plan properly and also check for misappropriations of resources of the organization. It is further explained that, keeping proper books of accounts is essential to the growth and survival of a business. In order to ensure efficiency, effectiveness and the continuing survival of any business organization, management must seek for reliable, relevant, accurate and timely financial information for planning and decision making. Poor records keeping or non-availability of financial records will lead to resources mismanagement and poor cash management and this can cause the business to fail. Poor records keeping makes it difficult to differentiate between business transactions and personal transactions. It is the responsibility of business owners and managers to avoid using assets of the business for personal use at the expense of the business.

Financial records' keeping is the act of maintaining relevantly adequate financial information of a business, entity or an event. In their view, Boachie-Mensah and Marfo-Yiadom (2005) noted that all business organizations record their financial transactions aspects of their activities that involve the handling of money such as amounts they spend on purchases of goods for sale and the amount they receive from sales as well as payments for expenses such as wages, repairs, equipment and so on. It should be noted that, a proper system of accounting starts with keeping related relevant financial records

(Abdulla et al., 2001; Shahwan & Al-Ain, 2008; Ismail & Zin, 2008; Damant, 2003; Ismail & King, 2005; Grant et al, 2008; & Barker, 2003).

The concept of financial record keeping and business decision-making records are kept for present and future use. In businesses, financial transactions are carried out. As these financial transactions are carried out, records emerge which must be kept for current and future use. Therefore, financial records keeping is the act of maintaining appropriate financial records for present and future use by businesses. These appropriate financial records kept are used to prepare the relevant financial statements and they include the financial statements. Abdullah et al., (2001) observed that, from book-keeping, financial statements such as the balance sheet, income statement, retained earnings statement and statement of cash flows are obtained.

In effect, all these statements help in the decision-making process of the business. Shahwan and Al-Ain (2008), point out that financial record keeping is a tool for financial control and enables managers to know the financial position of their businesses and to take certain control measures to improve corporate performance.

Financial records provide a wealth of information that is used by managers, investors, leaders, customers, suppliers and regulators. Analysis of its statement can highlight a company's strengths and shortcomings to enable managers use this information to help improve performance. Earlier on their part, Ismail and Zin (2008) had highlighted the crucial role of financial statement analysis by managers which is only made possible through proper financial record keeping.

Similarly, Damant (2003) observed that financial record keeping conveys substantial information about the financial strength and current performance of an enterprise. That even though the financial records are primarily prepared for stakeholders, the respective business manager(s) find these records useful in decision-making. In distinct contrast, Ismail and King (2005), illustrated that it is not the mere keeping of financial records but of crucial importance is the quality of information produced by the business itself which will be used in making business decisions.

Rather, having accurate and high quality information may enable the management to make right decision whether on investment, business strategies or others while inaccurate and non-reliable information produced by businesses may jeopardize the business life in future. In support, Grant et al., (2008) observed that, reliable financial and accounting information are rather needed for making business decisions. Such information, they noted, can help managers deal with problems by supervising and controlling business areas such as costing, expenditure and cash flow. To attain this quality International Journal of Economics, Commerce and Management, United Kingdom Licensed under Creative Common Page 473 and reliability in financial information for effective and efficient decision-making, Barker (2003) noted that it is important to have a suitable accounting system and the system itself must be good enough to ensure that the financial information is readily available, reliable and is in a timely manner.

2.6 Factors that Account for Failure of SSBs to Keep Proper Records

Undoubtedly, proper record keeping can help improve the performance of a business and as Abdul-Rahamon and Adejare (2014) noted, there is a strong positive relationship between accounting records keeping and Growth of SSBs. Record keeping is critical for decision making which invariably affects the Growth of SSBs. If the SSBs would not be able to know if their businesses are growing or declining without maintaining proper books of accounts as put forward by (Ademola, Samuel and Ifedolapo, 2012).

On some of the factors that account for the failure of SSBs in keeping proper books of accounts, Ismail and King (2007) conclude that, the development of a sound record keeping in SSBs largely depends on the owners' level of accounting knowledge. Keasy and Short (1990) postulate that SSBs use professional accounting firms for financial statements and for other accounting needs.

It is nonetheless argue that the exorbitant fees charged by professional accountant's leaves SSB owner or managers with no choice but to relegate accounting information management (Jayabalan and Dorasamy, 2009). Zhou (2010) suggests the use of accounting software by owner managers in SSBs to improve record keeping practices but laments that, developers of accounting software are yet to produce the medium-sized software for SSBs. Amoako (2013) observed that, most SSB owners are unwilling to maintain proper books of accounts as they think there is no need to keep accounting records and have the believe that, it would even expose their financial position for tax purposes.

Business owners have the tendency to rely on their memory and do not necessarily see the need to keep proper books of accounts. According to them, lack of record keeping by SSBs in Ghana would not only limit their capability to correctly and reliably measure their financial performance and position, but also deny the government the right tax revenue from them. Customers, suppliers, financial institutions, existing and potential investors would find it challenging to make financial decisions as a result of improper or non-availability of financial records. Moreover, it has also been argued that, the factors that account for improper records keeping has been identified as illiteracy, lack of qualified personnel and hire cost to hire a consultant. They disclosed that the most predominant challenge is costs constraints, followed by inadequate accounting skills of manager and owners of SSBs. Studies believed that, most business owners and employees have no vocational and technical training and were therefore inexperienced as far as record keeping was concerned and that considering the size of the SSBs, the owners deemed it waste of resources to employ qualified accountants (Musah and Ibrahim, 2014). SSBs are reluctant to maintain proper books of accounts as they think there is no need to keep accounting records and believe that, it would even expose their financial position for tax purposes. Musah and Ibrahim (2014) were also of the view that, owners of SSBs feel reluctant to record their daily activities (revenues and expenditures) because of the low worth, returns and performance of their businesses. They argued that the owners, therefore, tend to rely on their memory and do not necessarily see the need to maintain books of accounts.Poor or lack of records keeping by small scale businesses in the country would not only limit their ability to accurately and reliably measure their financial performance and position, but also deny the government the right tax revenue from them. Other users such as customers, suppliers, financial institutions, existing and potential investors would find it difficult to make financial decisions due to improper or non-availability of financial records.

2.7 Record Keeping Systems

Romney (2003), defined record keeping system as set of components that collects records, classifies, analyses, processes and summarizes business transactions in the books of accounts. The system might be manual or computerized Romney says that ,the functioning of any record keeping system heavily depends on the way management addresses factors in the business control environment, commitment to integrity and ethical values, organizational structure forming audit committees of the board of directors, improving methods of assigning authority and responsibility and good human resource policies.

A basic record keeping system whether manual or computer software programme, should be simple to use, easy to understand, reliable, accurate, consistent and designed to provide information on a timely basis. It generally needs a basic journal to record transactions (receipts, disbursements, sales, purchases and others), accounts receivable records, accounts payable records, payroll records, petty cash records and inventory records (Shepherd and Yeo, 2003).

Record keeping systems of most of small scale business involved more reliance upon mental or verbal information, thus inviting possibilities of forgetfulness or inaccuracy, this causes problems in planning for the future, trusting information on the memory naturally involves some dangers, the most obvious danger is that of forgetfulness. Mental or verbal information is not available for reference (Paul F, 2005).

A successful record keeping system is one that does not limit record keeping solely to the documentation of a transaction but also includes the implementation and maintenance of written standards, operating procedures, documented training and education, all mitigating factors and demonstration of due diligence and reasonable care (Reynolds Sarah, 2010).

2.8 Benefits of Good Record Keeping

Complete and accurate financial records are crucial for business success. Good records provide the financial data that help to operate more efficiently hence increasing business profitability. Accurate and complete record keeping enable the business owner and the accountants to identify all business assets, liabilities, income and expenses. That information when compared to appropriate industry averages help to pinpoint both the strong and weak phases of business operations, according to Mc Lean (1999). Good records are essential for the preparation of current financial statements, such as statement of comprehensive income, statement of financial position and cash flow statement, these statements in turn are crucial in maintaining good relationship with Banks and other financial institutions. In case the business enterprise is in need of financial support (that is to say loans), such statements will be used to assess because they present a complete picture of the business (Wang, 2003). Authorities in bookkeeping and accounting procedures have provided some importance of good records keeping including the fact; unless your business is accounting or bookkeeping, keeping financial records is probably not what you do best. Most likely, you would rather spend your time selling your product or service. However, if you are going to run a successful business, accurate and timely financial information is a must. Malcolm, McDonald and Cavusgil; (1990) again, provide some reasons for a good financial record keeping to include:

How to monitor the success or failure of your business. It is hard to know how a business is doing without a clear financial picture. Is the business bringing in enough money? Are sales increasing? Are expenditures increasing faster than sales? Which expenses are too high based on levels of sales? Does some expenditure appear to be “out of control”? Smith, Keith, and Stephens (1989). Furthermore, accounting Longneck and Moore; (1988) evaluating the financial consequences is part of every business decision made. Without accurate records and financial information, it may be hard to know the financial impact of a given course of action. They go on to say that, a bank will usually want to see financial statements for the most current and prior years, as well as your projected statements showing the impact of the requested loan. A bank may even want to see some bookkeeping procedures and documents to verify whether the business is being run in a sound and professional manner Smith et al., (1989) emphasize that if a business has reached the point where there is the need to take in a partner, any prospective partner will want to become intimately familiar with the financial picture of the business. If it needed a capital and taking in an outside investor, a lot of financial information need to be produced. Even suppliers and other creditors may need certain financial records. Such information may be produced by an outside accountant. Smith et al., 1989 further state that, all businesses use budgets for planning purposes, a budget helps keep businesses on track by forecasting cash needs and helping control expenditures. In addition, if the business is seeking bank financing or other sources of capital, a bank or a prospective investor will probably want to see the budget as evidence that the business is well planned and stable. Solid financial information is needed prepare a meaningful budget.

According to Longneck et al., (1988) preparing income tax return whether a business is a sole proprietorship or corporation it must file an income tax return and pay income taxes. With good records, preparing an accurate tax return will be easier and it is more likely to be able to be on time. Poor records may result in underpaying or overpaying taxes and/or filing late (and paying penalties). If the accountant prepares the income tax return, poor records will almost certainly result in paying higher accounting fees. If the business is a partnership, not only will it have to prepare a partnership tax return, but partnership return amounts will pass directly to the tax return of each partner so record keeping will directly affect the tax return of each partner.

2.9 Empirical Review

Accounting for income and expenditure is the first essential step of financial book keeping which is a system to provide a source of information to owners and all other interested parties. The importance of financial performance measurement to any business entity cannot be overemphasized. In this sense, the financial book keeping, accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement. Cooley (1983) emphasized that reported profits reflect changes in wealth of business owners. Maseko (2011) stipulate that, financial recordkeeping is the backbone of one's business. Keeping accurate financial book keeping is actually creates a profitable business. Germain (2010) contends that, most business operators especially those in small scale businesses perceive financial record keeping as a method of recovering initial investment in the form of cash at the end of the accounting period.

If small scale businesses do not maintain proper financial records, long term sustainability of the business will be under question. Howard (2009) emphasized that, many small businesses failed to keep adequate financial records. This leads to major problems and quite possibly the closing down of the business. Evidence shows that keeping good records helps to increase the chances of business survival. In essence, the small scale businesses owners or manager should be personally involved in record keeping (Sian, 2006). Proper record keeping ensures long term sustainability of the business and anticipates long term prospects. Ismail (2005) concluded that, the development of a sound record keeping in small scale businesses depends on the owners' level of financial knowledge.

Research has shown that majority of the small scale businesses owners do not have the adequate accounting knowledge and therefore a few capable owners use professional firms to account for their business (Keasy, 1990 and Bohman, 1984). However, it is argued that, the high cost of hiring professional accountants leaves the small scale businesses owner or managers with no option but to outsource accounting information management. Wichman (1983) discovers that, financial book keeping pose major challenges to management of small scale businesses and recommends that managers or owners in small scale businesses must learn about record keeping and accounting. Perhaps cash flow is one of the major records in any business. Germain (2010) proclaims that, small scale businesses must consider maintaining a positive cash flow as one of the important elements. By taking into consideration empirical literature, it is important to ask the percentage of knowledge owners and managers of small scale businesses have in financial records keeping of their businesses.

2.10 Review of Related Studies on Small Scale Businesses

In Ghana, there have been a number of academic works done on small scale businesses dating back from the 70s. Steel (1977) was one of the earliest researcher who carried out a study on small-scale enterprises in Ghana. In the course of the study, he realized that, small-scale businesses are capable of promoting economic growth and even the ability to engage surplus labour. In the same vain, Page and Steel (1984), in similar study, established that small-scale businesses contributes immensely to income and employment and are capable of self-sustaining growth.

Studies carried out by other researchers also discovered that, although small-scale businesses in the country did not offer permanent job employment; they played a significant function in training future entrepreneurs and in providing opportunities for employment in almost all sectors of the Ghanaian economy (Thormi and Yankson, 1985).

One of the earliest researchers who have been writing on small-scale businesses are Boachie- Mensah and Marfo-Yiadom, (2005). Not long ago, these authors wrote on "The Small Firm and the Ghanaian Economy" and they detected that, despite the challenges facing the sector, it contributes hugely to the development of the economy.

The contributions ranges from creating employment, to income, skills development, management training, capacity for self-sustaining growth and market development.

Additionally, on small scale businesses applying financial record keeping, Mbroh (2011) on the other hand in his studies discovered that, 34% of his respondents did not practice any form of accounting added to a seeming problem with the specific types of accounts frequently kept by the small business owners (SBOs).

Moreover, Mbroh and Attom (2012) who studied financial record keeping and control systems practiced by small and micro enterprise owners (SMEOs), established that, a number of SMEs lacked basic working knowledge in business management and more precisely, basic working knowledge in accounting with 12% of the respondents not having any formal education.

For Chepkemoi (2013), it is essential to keep business records since without them one would not know how to break even, or even how much each different product is really making. Chepkemoi further adds that, effective and efficient record keeping practices secure the business internal thief and dishonest employees. Also, 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.

Another author by name, Peacock (2008) in his exploration of the effects and causes of 1,000 proprietary company failures in South Australia, originated that, 4.6 percent of failures had inadequate or no accounting records. He resolved 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.

Peacock (2008) went ahead in another study of company failures in South Australia. This time round, he 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 systems.

Due to his numerous discoveries, he recommended further research to be done on double entry systems of recording in companies. Furthermore, Peacock (2008) instituted that, an important element in the failure of many of the businesses was inefficient or absence of accounting records. More than half of the failed businesses were found to have no records or only bank and taxation records.

Peacock's (2008) findings are very important as examining the impact of bookkeeping system practices on profitability of SMEs in Kabarnet Town. Williams et al., (2008) in their evaluation of the adequacy of accounting records for 10,570 small scale businesses operating in Australia found that, a significant proportion of owners kept inadequate accounting records.

The study recommended further investigation on record keeping practices in small scale businesses in Australia. Williams (2010) also in his survey of accounting information requirements of 928 small scale businesses operating in Sydney, established that 57% of the respondents used the double entry systems. This finding is in sharp contrast to Peacock's (2008) findings of types of records maintained by failed enterprises, where only 2.1% of respondents were found to use double entry systems. He therefore recommended for further research on the effects of financial record keeping on the growth of SMEs.

2.11Theoretical Framework

The researchers reviewed relevant literature with the aim of establishing the framework for the study since theories seek to answer questions about how certain things are related to one another. The theories that best suit this research topic are: Social Capital Theory and Resource Based Theory.

Social Capital Theory: Social Capital Theory describes social structures that may be responsible in producing and reproducing physical reality of small scale business activities. Social capital is a concept that encompasses "norms and networks facilitating collective actions and mutual benefits", Woolcock (1998:155). It is a notion that assumes that social relations have a potential to influence economic and non-economic benefits to individuals (White, 2002). The phenomenon refers to features of social organization such as networks, norms and trust that facilitate relationships for mutual benefit, Putnam (1995) or drawn upon by people in solving practical problems (Sirianni & Friedland 1997). Social capital seems to strongly rely upon ties among people, including the varying formal and informal groups and connections between them (Nooteboom, 2006). Social Capital Theory has five basic components namely; networks-alluding to varying lateral associations; reciprocity-expectation of return of kindness and services in a short or long term perspective; and, trust-willingness to take initiatives assuming that others in a particular social context will respond as anticipated.

Others are social norms-unwritten shared values that influence or regulate behaviour and interaction; and, personal and collective efficacy- active and willing participation of individuals in community related activities (Coleman 1988); Onyx and Bullen 2000 and Praxton 2002). The networks could refer to systems of lines that connect to one another and are vital in describing relationships among the different actors. They could facilitate and link various actors and aspects involved in a social environment. For instance, in a marketplace, networks could link traders, goods producers, customers, local government authorities, sales departments and the surrounding community. Such relationships can influence the planning, design, social and economic processes indwelt in small scale business activities.

Resource Based Theory: Resource Based Theory by Barney (1991) indicates that resource based theory involves analyzing of internal environment of small scale business which is simply analyzing strengths and weaknesses of that business. According to Barney (1991), business firms develop ways of maximizing on their strengths and therefore minimizing weaknesses so as to have competitive advantage. According to Halawi et al., (2005), resource based theory assumes that business firms create value- addition capabilities and was developed to show how business firms obtain sustained competitive advantage. The study further confirms that, small scale businesses that manage resources better than others spend little money plus offer high quality goods and services hence have better economic performance. Bridoux (2004) contends that business owners may come together to build resources and increase their competitive advantage through creation of rent-yielding organizational competencies hence reduce risks associated with mobilization of such competencies. The study continues to stress that, businesses which make profits on top of their cost of capital are those that are in attractive industries and have established competitive advantage over their rivals.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This study covered the methodological steps which include the research settings, research design, population, sample size, sampling technique. The other thematic areas would be, sources of data, data collection tools, sampling and sampling technique and data analysis. According to Babbie and Mouton, 2002 as cited; in Luci, 2012, a research method consists of a systematic, methodological and accurate execution of a research design. The methodology section is an important component of the research that essentially maps out the methods used during the research work. On the basis of research problem and objectives, this study used the descriptive method of data analysis. Quantitative method was also used to resolve the research questions.

3.1 Research Design/Approach

The research employed a descriptive research because it tries to examine and explain relationships between variables. According to Malhotra (2010) a research design refers to a framework for implementing a research project and it provides the procedures that must be followed in obtaining the necessary information for achieving the research objectives. A questionnaire which is mostly used in collecting data under explanatory or descriptive research was used to collect the data (Gill and Johnson, 2002). One set of questionnaire would be developed by the researchers and administered to some registered Small Scale Businesses in Kumasi-Adum. The study would adopt the quantitative technique to respond to the research questionnaires. The reasons why the researchers chose the quantitative research techniques are outlined below:

1. Research method assisted the researchers to use tools such as questionnaires to collect numerical data.
2. It helped to arrange data in the form of numbers and statistics, often arranged in tables, charts, figures, or other forms.
3. Quantitative It aided the researchers to focus on gathering numerical data and generalized it across groups of people or explain a particular phenomenon
4. The quantitative research method assisted the researchers to classify features, count them, and construct statistical models in an attempt to explain what is observed.

3.2 Study Population

The study population was made up of all small businesses operating in Adum, Kumasi.

3. 3 Inclusion Criteria

Polit et al., (2001) posits that, it is essential to be specific about the criteria for inclusion in the population and the eventual sample. The inclusion criteria would comprise businesses which had been operating from Adum for at least one year.

3.4 Exclusion Criteria

The exclusion criteria included firms which were younger than 1 year or had just relocated to Adum in the past 12 month.

3.5 Sampling Method

The study which takes a look at the significance of bookkeeping on the performance of registered small scale businesses in Kumasi-Adum would use the simple random probability sampling technique. Random probability sampling techniques consider all the important and relevant dimensions of the population and ensure that each dimension is represented in the sample. More often than not, the research cannot possibly study all subjects or items in the population. Hence, a selective random sample from a subset of the population would be taken.

The reasons for random sampling are

1. Among the elements that make up the population of study there are similarities and therefore a study of few of these elements would give the researchers sufficient knowledge of what is obtainable in the entire population of study,

2. It was cheaper to engage in the random study,

3. It allowed for quicker results and more thorough research conduct and

4. It is practically impossible to consider all businesses in this research considering the limited time frame.

3.6 Sample Size

Saunders et al., (2007) indicated that the size of the sample and the way in which it is selected would definitely have implication for the confidence you can have in your data and the extent to which you can generalize. Sampling is usually done by collecting data from a representative population the researcher is interested in. In order to meet specific research goals the researchers used the random sampling method. Simple random sampling is the basic sampling technique where we select a group of subjects (a sample) for study from a larger group (a population). Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample.

Using Yamane's sample-size calculator, in order to have a 95% confidence level with a 5% margin of error in the results, one has to survey at least **62** of the population of 100 small scale businesses. However, due to time constraint and the reluctance of some of the business owners, about 96.8 percent of the sample was actually done. This brought the actual sample size for the study to sixty (60) which consisted of both registered and unregistered small businesses.

3.7 Types and Sources of Data

The study in the quest of finding answers to the research questions made use of both primary and secondary data. The researchers, therefore, collected primary data to help find responses for the objective

3.8 Data Collection

Data collection according to Polit and Hungler (1999) is information obtained during the course of a study. The main data collection tool was a questionnaire. A structured questionnaire with closed-ended questions were administered to business owners to solicit information to address each of the study objectives.

3.9 Data Analysis

The study made use of purely descriptive analysis which reported on issues using percentages and means. These numerical values were further presented in the form of tables and charts (i.e. pie and bar charts) which conveyed a clearer understanding of the current situation of the small scale businesses.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

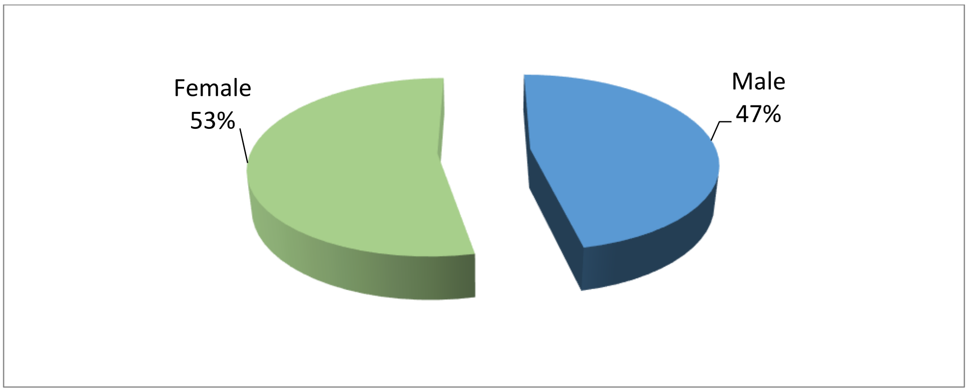
4.0 Introduction

This chapter presents the analysis of the data gathered through the questionnaires administered to the businesses. The analysis consists of description and interpretation of the data in relation to the research objectives and questions.

4.1 Presentation and Analysis of Quantitative Data

Sixty business owners were interviewed about their businesses. Thirty-two female small scale owners representing 53.3 percent were interviewed.

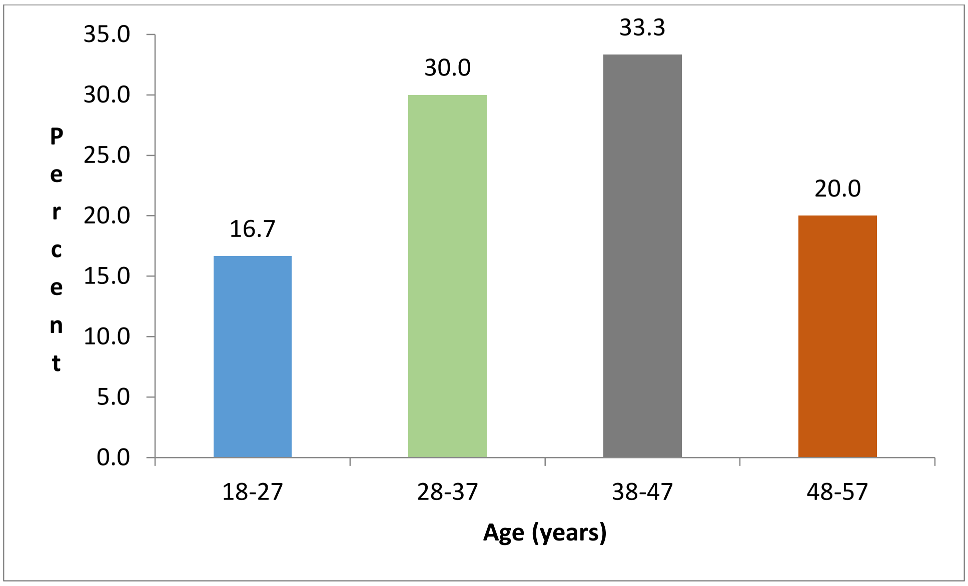
Fig. 4.1 Distribution of sex of respondents



Source: Field Data (May, 2018)

Figure 2 presents information on the age of respondents. About one-third of the respondents were aged 38 – 47 years followed by those aged 28 – 37 years (30%). The younger population constituted the smallest proportion from the sample (16.7%).

Figure 4.2 Distribution of age of respondents



Source: Field Data (May, 2018)

About 41.7 percent of the respondents had just basic school education whilst a quarter had just secondary school education. About 23.3 percent of the respondents had no formal education (see Table 4.1)

Table 4.1: Educational Qualification of Respondents

Educational Qualification	Frequency	Percentage
No Formal Education	14	23.3
Basic school (Primary, Middle, JHS)	25	41.7
Secondary (SHS, Vocational Institution)	15	25.0
Tertiary Institution (Training College, Poly or University)	6	10.0
Total	60	100.0

Source: Field Data (May, 2018)

Overall, 58.3 percent of the respondents were married whilst 25 percent were singles. Most of the male respondents were married (64.3%) whilst the remaining ones were singles (i.e. have never married). None of the male respondents were divorced or widowed compared to 15.6 percent each of the female respondents. On the other hand, over half of the female respondents were married (53.1%).

Table 4.2: Marital status of respondents

Marital Status	Male		Female		All	
	N	%	N	%	N	%
Single	10	35.7	5	15.6	15	25.0
Married	18	64.3	17	53.1	35	58.3
Divorced	0	0.0	5	15.6	5	8.3
Widowed	0	0.0	5	15.6	5	8.3
Total	28	100	32	100.0	60	100

Source: Field Data (May, 2018)

4.2 Financial records keeping behaviour of small scale businesses

Presented in Table 4.3 is the summary of the financial records keeping behaviour of the small scale businesses. In general, majority of the businesses did not issue any receipts for money received (83.3%). All businesses made payments to their suppliers by cash. Additionally, about 18.3 percent of the respondents made payments with cheques. About 73 percent of the businesses considered keeping receipt duplicates, payment voucher, and cheque counterfoils necessary. However, only 16.7 percent of the respondents kept receipts whilst 26.7 prepared payment vouchers. About two-thirds of the businesses kept cashbooks and a slightly higher proportion kept petty cash books (68.3%).

Even though over 80 percent of businesses considered necessary depositing money received with the bank, only 37.9 percent of the businesses had bank accounts. Additionally, only 27.3 of businesses which had bank accounts reconciled their bank accounts with their cash book.

Table 4.3 Financial records keeping behaviour

Financial records kept by SSB	Yes		No	
	N	%	N	%
Issue receipts when money is received	10	16.7	50	83.3
Prepare payment vouchers for every payment	16	26.7	44	73.3
Pay by cheque	11	18.3	49	81.7
Pay by cash	60	100.0	0	0.0
Consider keeping receipt duplicates, payment voucher, and cheque counterfoils necessary	44	73.3	16	26.7
Transact business on credit basis	45	75.0	15	25.0
Consider keeping purchases and sales day records of your business necessary	42	70.0	18	30.0
Keep cash book	40	66.7	20	33.3
Keep petty cash record of business	41	68.3	19	31.7
Prepare income statement and statement of financial position of your business	4	7.4	50	92.6
Keep bank account	22	37.9	36	62.1
Consider lodging your receipts into bank necessary	42	80.8	10	19.2
Reconcile your bank statement with your cash book	6	27.3	16	72.7

Source: Field Data (May, 2018)

4.3 Perceived benefits of proper financial record keeping

Presented in table 4.4 below are some of the perceived benefits of proper record keeping. The mean scores for the benefits is used to determine the ones respondents placed greater emphasis on. According to the respondents, proper records keeping enables businesses to pay appropriate tax and this was the topmost benefit cited. On a scale of 1 (highest ranked) and 5 (least ranked), it scored a mean of 1.32 with a standard deviation of 0.62. The second benefit enumerated by the respondents was proper record keeping facilitates the determination of financial position of a business for the purpose of decision making and planning which scored a mean of 1.40 with a standard deviation of 0.49. In absolute terms, agreeing to the statement in the strongest degree had a value of one, fairly agreeing had a value of 2 and strongly and strongly disagreeing had a value of 5. A mid-point value 3 was assigned to undecided. All the mean scores lied between 1 and 2 which implied the respondents totally agreed to all the statements listed in the table 4.4 as benefits of proper records keeping which accrue to businesses. None of the respondents neither disagreed nor strongly disagreed to any of the statements. A few people could not tell and were, however, undecided whether these were actual benefits of proper record keeping.

Table 4.4 Benefits of proper record keeping

Statement	N	Mean	Std. dev.	Min	Max
It enables the business owner to be able to pay appropriate tax.	60	1.32	0.62	1	3
It facilitates the determination of financial position of a business for the purpose of decision making and planning.	60	1.40	0.49	1	2
Proper record keeping enable a business owner to have access to credit facilities.	60	1.55	0.77	1	3
Keeping financial records helps in case of emergency.	60	1.57	0.77	1	3
Proper record keeping helps the stakeholders of the business e.g. creditors, investors, customers and government to know the state of the business.	60	1.58	0.77	1	3
Financial record keeping enables businesses to assess their financial performance and position over a period of time	60	1.67	0.75	1	3

4.4 Causes of business failure

In general, most respondents strongly agreed that poor record keeping or ignorance about the value of financial record keeping can result in the failure of businesses. This was the first cause of business failure arising from poor financial records keeping enumerated by the respondents as it score a mean point of 1.55 on a scale of 1 to 5 where 1 was in highest agreement and 5 was highest disagreement. The second most important cause of business failure was unprofessional leadership and inexperienced management team. It had a mean score of 1.57 with a standard deviation of 0.79. None of the respondents disagreed or strongly disagreed to these first two statements. Majority of the respondents also indicated lack of knowledge in accounting and cost involved in engaging a qualified accountant can lead to the failure of small scale businesses. However, a few respondents, 10 percent and 15 percent respectively, disagreed to this notion.

Table 4.5 Respondents' perception of the causes of failure of small scale businesses

Statement	Obs	Mean	Std. dev.	Min	Max
Poor record keeping or ignorance about the value of financial record keeping can result in the failure of SSBs.	60	1.55	0.79	1	3
Inexperienced management team or lack of professionalism can result in the failure of SSBs	60	1.57	0.79	1	3
Lack of knowledge in accounting can result in the failure of SSBs.	60	2.05	0.95	1	4
Cost involved in hiring qualified accountant can result in the failure of SSBs.	60	2.07	1.09	1	4

4.5 Discussion of results

The high level of knowledge exhibited by the respondents indicates that their businesses would at least survive if these were the only causes of business failure and also put the information available to them to use. Shahwan and Al-Ain (2008), pointed out that financial record keeping is a tool for financial control and enables managers to know the financial position of their businesses and to take certain control measures to improve corporate performance. Proper financial records keeping could improve the management style of the business owners and promote sustainability and profitability.

In general, most of the respondents were very much aware of the benefits of proper records keeping of financial information. As observed by Mbroh and Attom (2012), success of small scale businesses depends largely on the establishment and execution of financial controls in the business. Financial controls is made simple when the right accounting records are kept. This would help in the accounts preparation of the firm. Financial performance assessment, tax liability assessment, investment decisions and expansion plans are significantly influenced by the quality of information available. Thus, respondents' knowledge on the importance of proper financial records keeping is key and needs to be constantly improved.

Even though most of the respondents were very much aware of the paybacks of proper financial record keeping, they failed to record them. This may probably be due to their fear in paying higher taxes due to exact incomes disclosed by the financial records. This view is supported by Amoako (2013) who claimed small scale business owners are unwilling to maintain proper books of accounts as they think it would expose their financial position to tax authorities. Furthermore, illiteracy and lack of qualified personnel to keep proper financial records would lead to lack of proper accounting records. Just about one-third of the respondents had at least secondary school qualification. Thus, it is not surprising to have most of the businesses not keeping appropriate financial records.

Over half of the respondents strongly believed that poor records keeping on one side and management by inexperienced owner / team on the other side would certainly lead to the failure of small scale businesses. The lack of appropriate financial records for small scale businesses would hinder financial institutions from giving out credit to these businesses. Inability to access credit could constrain businesses from expanding. Invariably, such businesses would contract or, at best, remain constant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The first four chapters of this study established the research objectives and the problems. Relevant literature review was done in chapter two. The research methods used have been clearly indicated in the third chapter. The information gathered from the questionnaire was carefully analyzed in the fourth chapter. This chapter which is the last chapter however presents the summary and conclusion of the entire study. In relation to these major findings and the challenges identified the chapter provides some recommendations on the research topic.

5.1 Summary of the Results

The main objective of the research was to assess the financial records keeping behaviour of Small Scale Businesses in Kumasi using Adum as a case study. The study adopted the non-probability sampling method of random sampling to select a sample size of sixty registered Small Scale Businesses in Kumasi-Adum. The study however realized some vital information on this objective and it is discussed as follow;

After the administration of the questionnaires, it was realized from (Figure4.1) that, 47% of the respondents were males whilst 53% were females out the total sample of 60. Moreover, from (figure 4.2) which displayed the age distribution of respondents, it was discovered that, 33% of the respondents were within the age bracket of 38-47 years.

The findings of this research indicated that, most Small Scale Business entrepreneurs in Kumasi-Adum are uncertain about financial records keeping. This can be seen in table 4.3. That is, they are not able to issue receipts when money is received and do not prepare payment vouchers for every payment, not knowledgeable on effects of inflation and interest rate and not very conversant with making accurate calculations.

These findings agree with the findings of Mensah (2004) who indicated that, small scale businesses in Ghana are generally owned by a single person, who takes all major decisions and who often has limited formal education, and lacks information in the use of new technologies and the credit market. Also, Assibey (2010) established that, SSBs managers are unable to obtain finance for their business due to poor financial records keeping and the findings of Plakalovi (2015) who found that, most SSBs managers are not able to perform accurate calculations and lack numeracy skills.

As reflected from the study, it is evident that financial records keeping behaviour is an important contributor to profitability of SSBs. This therefore, reflects the need for training programmes on budgeting and planning, debt management, record keeping, saving and retirement planning in schools and other institutions that seek to promote financial literacy and practice.

Findings of the study brings to the fore the need to provide SSBs with permanent services, facilities, training and access to credit facilities to boost their businesses. Planning and zoning should be done to ensure the space allocated for SSBs is accessible, with proper communication network, and with proper sheds.

From the results, it is evident that the financial attitude of SSBs owners and managers is significant in their profitability. This has been established in the study by Mbroh and Attom (2012) who detected that, underlying the success of a small scale business is the establishment and application of controls by the owners or management in addition to the systematic record keeping of business transactions, which, at the end of the period, keeps the owner well-informed about the performance of the business.

Empirical results by authors and researchers such as Abdulla et al., 2001; Shahwan and Al-Ain, 2008; Sian and Robert, 2009; Ismail and Zin, 2008; Damant, 2003; Ismail and King, 2005; Grant et al., 2008; and Barker, (2003) indicates that, a proper system of accounting starts with keeping related relevant financial records.

It is however unfortunate that, government policies and interventions aimed at addressing the youth unemployment challenge has not been adequate enough. It is the firm conviction of the researchers that the findings as outlined in this study will be of benefit to all stakeholders whose duties and responsibilities are to ensure empowerment, job creation and development of the youth in Ghana.

5.2 Conclusion

The findings of the study have revealed that financial record keeping behaviour is a significant predictor of profitability for SSBs. The respondents however, were not very conversant with the application of good financial record keeping behaviours in their businesses. They apply little or no budgeting and planning, debt management, saving, record keeping in their business activities.

The study noted that, most SSB managers and owners have poor record keeping attitudes towards their financial activities. This was evident by the low future orientations, inability to takes risks not considering keeping receipt duplicates, payment voucher, and cheque counterfoils necessary, transact business on credit basis, not considering keeping purchases and sales day records of their business necessary, not keeping cash book that can promote their financial skills despite the knowledge on the importance of directing short-term activities towards long-term goals of the firm.

5.3 Recommendations

Based on the findings of the study, the following recommendations are made;

This study recommends that, there is the need for micro finance institutions and banks to undertake financial education programmes such as risk management, debt management, record keeping and budgetary skills among others that will create awareness on areas that are lacking such as more effective sources of funds for start-up businesses. This will encourage SSBs to expand and grow in areas they are lacking. Financial education programmes will not only improve the growth of the enterprises but also the entire economy as SSBs contributes so much to the economies where they exist.

This study recommends that, networking events for entrepreneurs should be established by the associations to enable them to share experiences and marketing information and entrepreneurs must be well educated by attending financial education class or seminars among others.

Moreover, there should be structures and safe and secure market areas through which entrepreneurs of associations will be able to market their products and services for instance, incubators, display venues, market stall and trade fairs.

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Appendix 1**:** Research Questionnaire

CHRISTIAN SERVICE UNIVERSITY COLLEGE

RESEARCH QUESTIONNAIRE

This is a questionnaire by a group of students meant to collect data on the **"Assessment of Financial Records Keeping Behaviour of Small Scale Businesses in Kumasi: A Case Study of Adum"** as part of our final year project work. Please, take a few a few minute to complete this questionnaire. Please note that this exercise is purely an academic one. Any response given would be treated solely for academic purpose and would be kept absolutely confidential. Please answer the following questions. Please tick where necessary in the bracket with the answer.

Section A: Respondents Details

1. **Sex:** Male [ ] Female [ ]

2**. Age:** a. 18-27 [ ] b. 28-37 [ ] c. 38-47 [ ] d. 48-57 [ ] e. 58 and above [ ]

2. **Educational Background:** a. No Formal Education [ ] b. No formal Education (but can speak/write in English or Vernacular) [ ] c. Basic (Primary, Middle, JHS) [ ] d. Secondary (SHS, Vocational Institution) [ ] e. Tertiary Institution (Training College, Poly or University) [ ] f. Any other (please specify) [ ]

3. **Marital Status:** a Single [ ] b. Married [ ] c. Separated [ ] d. Divorced [ ] e. Widowed [ ] f. Any other (please specify) [ ]

Section B,C and D

The questions below are asked to elicit your responses on the assessment of financial records keeping behaviour of small scale businesses in Kumasi: A case study of Adum. Likert scales are used to ensure certainty and clarity of responses. Kindly tick the most appropriate answers to each of the statement below.

Note: SA implies Strongly Agreed; A implies Agreed; D implies Disagree; SD implies Strongly Disagree and U implies Undecided.

Research Items	**YES**	**NO**
SECTION B: KINDS OF FINANCIAL RECORDS KEPT BY SMALL-SCALE BUSINESS OPERATORS		
Do you issue receipts when money is received?		
Do you prepare payment vouchers for every payment?		
Do you pay by cheque?		
Do you pay by cash?		
Do you consider keeping receipt duplicates, payment voucher, and cheque counterfoils necessary?		
Do you transact business on credit basis		

Do you consider keeping purchases and sales day records of your business necessary?		
Do you keep cash book?		
Do you keep petty cash record of your business?		
Do you keep income statement and statement of financial position of your business?		
Do you keep bank account?		
Do you consider lodging your receipts into bank necessary?		
Do you reconcile your bank statement with your cash book?		

Research Items	**SA**	**A**	**D**	**SD**	**U**
SECTION C: BENEFITS OF PROPER RECORD KEEPING					
Proper record keeping enable a business owner to have access to credit facilities.					
It enables the business owner to be able to pay appropriate tax.					
Keeping financial records helps in case of emergency.					

It facilitates the determination of financial position of a business for the purpose of decision making and planning.					
Financial record keeping enables businesses to assess their financial performance and position over a period of time					
Proper record keeping helps the stakeholders of the business eg creditors, investors, customers and government to know the state of the business.					

Research Items	SA	A	D	SD	U
SECTION D: FACTORS THAT ACCOUNT FOR FAILURE OF SSBS IN KEEPING PROPER BOOKS OF ACCOUNTS					
Lack of knowledge in accounting can result in the failure of SSBs.					
Cost involved in hiring qualified accountant can result in the failure of SSBs.					
Poor record keeping or ignorance about the value of financial record keeping can result in the failure of SSBs.					
Inexperienced management team or lack of professionalism can result in the failure of SSBs					

Thank you for taking time to complete the questionnaire