

Role of Book Keeping on Sustainability of Small and Medium Enterprises (Smes) in Nigeria (A Case Study of Selected Smes in Osun State)

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Abstract: *The main objective of this study is to examine the role of bookkeeping on sustainability of small and medium enterprises in Osun State, Nigeria. The specific objectives are to: determine the effect of bookkeeping practice on sustainability of Small and Medium Enterprises (SMEs); ascertain the depth of SMEs owners' appreciation of the use of bookkeeping; and examine the constraints of SMEs on standard bookkeeping records. This study adopted descriptive research design. The sampling techniques employed for this study are stratified and simple random sampling methods. The instrument used for this study was obtained from primary data. The primary data was obtained through properly structured questionnaire. The descriptive statistics of frequency distribution, percentages mean and standard deviation were used to analyze and relate variables which were obtained from the administered questionnaire. Hypotheses were tested using correlation and regression analysis. The study found that there is a significant relationship between bookkeeping and SMEs sustainability. Also, it was also discovered that bookkeeping practice has significant effect on SMEs and finally, the study found out that the problem of proper bookkeeping has a positive and significant effect on SMEs sustainability. The study concludes that bookkeeping would help SMEs to grow, and hence, results in sustainability through act of proper record keeping of their basic transactions. The study recommends that SMEs should employ bookkeeper to help monitor the finances of the business while owners are advice that record of the business transactions should be adequate and timely in case of need for financial assistance when financial records are needed.*

Keywords: Bookkeeping, Sustainability, SMEs, Transaction, Correlation

1. INTRODUCTION

One of the major ways of being self- employed is to start a small business. A small business is any business that is independently owned and operated (Kuehl, 2006). Generally, Small and medium enterprises (SMEs) are businesses whose turnovers fall below certain limits. The present definitions categorize businesses with less than 10 employees as “micro,” those with fewer than 50 employees as “small” and those with less than 250 as medium”. SMEs therefore need to have between 20-500 employees (Williams, 2010). The definition of an SME may also depend on the number of employees, business turn over and assets (Aremu & Adeyemi, 2011).

SMEs play a vital role in the growth and development of economy across the globe because they provide employment and taxes in all sectors of the economy including agriculture and mining. Small and medium enterprises are bedrock and backbone of the economy and are precursors for stabilizing unstable economy (Aremu & Adeyemi, 2011). It has been recognized in many countries in the world that an SME-friendly business environment is crucial for growth and jobs creation (Kuehl, 2006). In some key industries, such as textiles, wood products, metal products, publishing, construction and furniture-making, SMEs account for more than 70% of all jobs. Small business enterprises are therefore a part of the informal sector and they bridge the gap of slow growth of the informal sector in the economy.

Bookkeeping is the process of recording all financial transactions in a systematic and logic manner. Businesses benefit from the availability of accounting information because it eases the activities of planning, organizing, leading and controlling. Hence, it is recognized that, appropriate bookkeeping/accounting information and financial statements are important for a successful management of a business be it large or small (Ajao, Oyeyemi, & Moses, 2016). Bookkeeping helps the owner carry out proper business evaluation and monitor its progress. Entrepreneur can run risks of fund mismanagement and loss of business expansion opportunities without proper and adequate book keeping. Business records prevent theft and ensure proper organization of the business. It will be difficult for the owner to find accurate net profit, determine the correct financial position of the business and be unable to formulate business plans and policies for the future without proper book keeping (Wanjala et al., 2014).

Bookkeeping is the recording off all financial transaction in a systematic and logical manner. Transactions include sales, purchase income, and payments by an individual or organization. Book keeping is usually performed by a book keeper using common

methods of bookkeeping such as single entry and double entry systems. While these systems may be seen as “real” book keeping, any process that involves recording of financial transactions is a bookkeeping process (Haber, 2004). Primary bookkeeping records all business transactions and allocates the income and expenses to various income and expenses account in separate account records (McCarthy, 2000). The single book keeping can be done with book keeping software to speed up manual calculation (Haber, 2004). Double entry book keeping system involves recording of financial information in a financial accounting system where a financial transaction impacts at least two different accounts. In modern accounting, this is done using debits and credits and serves a kind of error system. If at any point the system of debits doesn't equal to the sum of credits then an error has occurred. In SMEs, bookkeeping vary in size, frequency, sensitivity, maturity and the level of growth of the SMEs including the relative importance of fixed working capital. The system of book keeping depends on the operator of the SMEs (Enon, 2000).

Small and medium scale enterprises have dominated the industrial sector of both developed and underdeveloped countries and they are stimulus of economic growth and development (Olukotun et al., 2012). Almost 90% of the enterprises established in Nigeria fall into SMEs category (Aruwa, 2006). Despite enormous roles of SMEs in economy revival and growth of the country, they are faced by arrays of challenges that has crippled their operations and sustainability and this has resulted in closed down and insatiability in their operation across developed countries of the world. Most of these problems are linked to poor business performance, low growth rate, employment of incompetence staffs, financial misappropriations and debt. The aforementioned problems are trace to lack of adequate and improper financial transaction and bookkeeping.

As part of measure to ensure smooth running and effective operation of SMEs, there is need for continuous research on appraisal and assessment of problems confronting SMEs in order to ensure stable economy growth. However, despite the persistence challenges, there is little or no report on affected grey areas in Osun State. Hence, the present work focus on the role of bookkeeping on sustainability of Small and Medium Enterprises in Nigeria with case study of Osun State.

1.1 Statement of the Problem

Research has shown that the ease of starting up a Small and Medium Enterprises in Nigeria is almost equivalent to high tendency of winding up. Many Small and Medium Enterprises would have had access to funds from banks and mortgages, but because of the inadequacy of record keeping, these opportunities have been limited for them to access.

Small and Medium Enterprises owners who wanted to succeed managed their financial record keeping the same way as big businesses (Ademola, James, & Olore, 2012). Yet, fifty percent of Small and Medium Enterprises failed within five years, and only 30% survived 10 years or more. The general business problem was that Small and Medium Enterprises owners did not always have the expertise to manage the financial aspect of their businesses. The specific business problem was that some Small and Medium Enterprises owners lacked the ability to manage funds using financial tools for ascertaining viability and appropriate forecast.

The use of recording instruments (receipts, vouchers, invoices and so on.), primary accounting books (cashbook, sales and purchases day books, return inwards and outwards journals, and so on.), and understanding of basic accounting terms and principles (assets, liabilities, trade payables, trade receivables, depreciation, capital, revenue, expenses, inventory, provisions, and so on.) are limited amongst small business owners compared to large companies and this have very high tendency of reducing the business lifespan which is an effect of bookkeeping on sustainability of Small and Medium Enterprises in Osun State, Nigeria.

1.2 Research Objectives

The main objective of this study is to assess the role of bookkeeping on sustainability of Small and Medium Enterprises in Nigeria with case study of selected SMEs in Osun State. The main objective is guided by the following specific objectives which are to:

- i. determine the effect of bookkeeping practice on sustainability of Small and Medium Enterprises
- ii. ascertain the depth of Small and Medium Enterprises owners appreciation of the use of bookkeeping
- iii. examine the constraints of Small and Medium Enterprises to the standard bookkeeping records

1.4 Research Questions

Based on the statement of problem and objectives, the study seeks to provide answers to the following questions:

- i. What are the effects of Bookkeeping practice on sustainability of Small and Medium Enterprises?
- ii. to what extent do Small and Medium Enterprises owners appreciate the use of bookkeeping?
- iii. what are the constraints of Small and Medium Enterprises to the standard bookkeeping records

1.5 Hypotheses of the Study

To aid this research work the following hypotheses have been postulated, the null hypothesis is denoted by “H₀” while the alternative hypothesis is denoted by “H₁”.

Hypothesis (1)

H₀: There is no significant relationship between bookkeeping and micro enterprise sustainability

H₁: There is a significant relationship between bookkeeping and micro enterprise sustainability

Hypothesis (2)

H₀: Bookkeeping practice has no significant effect on micro enterprise sustainability.

H₁: Bookkeeping practice has significant effect on micro enterprise sustainability.

2. LITERATURE REVIEW

2.4 Empirical Review

In a study on the types of accounting system used by failed enterprises, Peacock (2008) noted that a significant 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.

Another study on accounting skill as performance factor for small businesses in Nigeria by Akande (2011) identified accounting skill as the variables that influenced the performance of small businesses. Survey design was espoused for the study and structured questionnaires were used to sample the opinion of 140 respondents. It was discovered from the study that possession of adequate accounting skill by entrepreneur will considerably improve the performance of small businesses

Muchira (2012) showed that out of the sample of 84 businesses, the following books were being kept as ranked thus: the sales day (receipt) book ranked highest with 63% and the purchases day (order) book ranked second with 58%. The payroll records book ranked third with 46%, the expenditure (bills) book ranked fourth (44%) and the asset register book ranking last (fifth) with 42%. Twenty eight (28) out of the 38 retailers kept Sale day (receipt) books, 18 of them kept the Day Purchase (order) book, 17 of them kept the Payroll record while only nine (9) of them kept the Expenditures (bill) book. Only eight of the retailers kept the Asset register.

Chelimo and Sopia (2012) research showed that bookkeeping exist among the SMEs in Kabarnet Town but majorly single entry bookkeeping system. The most common records maintained by many of the SMEs traders are the sales records. The study also established that there is a direct relationship between book keeping, growth and profitability of SMEs and suggested that if properly maintained, bookkeeping could lead to increased profitability and expansions of SMEs in Kabarnet Town.

Concerning the contribution of bookkeeping to the survival of very small businesses, many studies have also been carried out; for instance on a study carried out on “The Roles of Record Keeping in the Survival and Growth of Small Scale Enterprises in Ijumu Local Government Area of Kogi State” by Ademola, James, & Olore (2012), the objective of the study was to look at the records to be kept by an organization, their features and the importance of book/record keeping to the growth of an organization. Data were collected using the primary and secondary sources. The primary sources included the use of questionnaire and personal interview while existing literature formed the bulk of the secondary source. The data collected were presented using table while chi-square was used in analyzing the data. It was found out from the data analysis that majority of the 150 respondents did not keep business records and therefore did not even know whether their businesses were growing or not. It was therefore recommended that small-scale entrepreneurs should keep up to date and accurate records of their business.

Olatunji (2013) carried out another analysis on the Impact of Accounting Records Keeping on the Performance of the Small Scale Enterprises in Ogbomoso, Oyo State, Nigeria. This study used a combination of descriptive and cross sectional research designs. The population was comprised of 113 people and a descriptive design such as personal interviews and questionnaire were employed as the major techniques for primary data collection. Findings revealed that majority of the respondents did keep business accounting records. Records were kept on cash basis. Sales purchases, creditors and debtors, receipts, invoices, payment vouchers were used as record keeping documents, which help to reduce operating costs, improve efficiency and productivity it was

concluded that record keeping is essential for decision-making and business adjustment since accounting records are very essential for decision making.

Shahabi et al. (2014) and Amoako (2013) studies revealed that majority of SSIs do not keep proper books of account with the notion that it's irrelevant, requires technical skills and knowledge and additional cost of hiring accounting professional. The studies suggested that training programmes should be organized to sensitize owners and managers on the need to keep proper books of accounts and government should enforce the preparation of proper books of accounts mandatory in order to improve SMEs practice of accounting.

A similar study was carried out in Kabarnet Town, Baringo County, Kenya by Chelimo & Sopia (2014); this study finds out that bookkeeping was available among the SMEs in Kabarnet Town with majority of the traders employing single entry bookkeeping system. The type of records maintained by many SMEs traders are the sales records. The findings show that out of the 70 businesses that constituted the population, 75% of the SMEs operators in Kabarnet town maintained books of account as compared to 25% who indicated that they did not keep business records. Also, although most SMEs operators maintained business records, most of them reported that their records were not up to the standard and in line with any specified bookkeeping procedures. As regard the types of books kept by SME 60% of the respondents maintained sales records compared to 24% of the respondents who reported that they kept purchases records. Those who did not know whether they kept purchases or sales records were 16%. Hence, the study findings show that many SME operators in Kabarnet town maintain sales record books using the double entry system.

Furthermore, another study was carried out on accounting practices and control systems of small and medium size entities in the Techiman municipality by (Ntim, Evans, & Anthony (2014). The research employed a descriptive approach with a combination of the stratified sampling technique and the purposive sampling technique. It made use of 150 samples using interviews and questionnaires. The data gathered revealed that SMEs do keep accounting books in recording their business transactions. It further revealed that SMEs do not maintained all the required books of original entry. The study also found out that; most SMEs maintained fixed asset register than all other books of original entry. Cash tallied the next book kept by most SMEs whereas petty cashbook was identified as the rare book maintained by SMEs. Again, the study identified that, there is a direct relationship between the firm's size and the types of books kept. Micro firms (1 to 6 employees) usually kept 1 to 3 books, whereas medium sized enterprise (31 to 50 employees) kept 5 and 6 books. This goes to confirmed assertions made by previous research that the size of a firm influences the types of books to be kept.

The findings of the study of Sanga et al. (2014) showed that majority of SMEs owners of Madukani ward have negative attitude toward record keeping due to their perceptions that keeping record using accounting standards add unnecessary cost, time consuming and add nothing to poor performance of their business. It is also discovered that their perceptions were based on inadequate education, absence of record keeping guidance and Training of among SMEs owners and its employees. The study suggested that government and stakeholders should organize training and courses for the owners of SMEs and also develop the suitable record keeping guidance which will be easier and simple to understand by SMEs owners/managers.

Wanjala et al. (2014) asserted that the study found out that majority of MSBEs were not good in practicing bookkeeping management due to the low level of education attained and lack of accounting knowledge. The study concluded that bookkeeping management practices might be a cause of poor business performance. They are of the opinion that most MSBEs in Kimilili sub-County perform on low average hence their minimal contribution to the economic development and failure to operate few years of start up.

Another study was on The Relevance of Accounting Records in Small Scale Business: the Nigerian Experience (Ezejiofor & Olise, 2014). The population for the study consisted of twenty eight (28) selected small scale businesses in Anambra state, the researchers used judgmental sampling technique to select as a representative to other small scale businesses in the area. The following findings were drawn; Small-scale business kept proper accounting records of their activities hence the owners employed public accountants to prepare their accounts. Accounting records keeping contributes significantly to the performance of small-scale businesses. It revealed that if proper records were kept, they would facilitate efficient, proper timely decision-making and enhance performance in small business.

Muazu and Alhassan (2014) conducted a study on record keeping among small and medium firms in Tamale Metropolis of Ghana. The objective of the study was to see the relationship between record keeping and business performance. One hundred (100) randomly selected small and medium enterprises operating in Tamale Metropolis were sampled. The finding of the study revealed that the performance of micro enterprises sampled in the study is strongly influenced by the level of record keeping in practice.

Dawuda and Azeko (2015) concluded that lack of education, high cost of hiring qualified account personnel, ignorance of the benefits of proper bookkeeping and the perceptions that it is a waste of time and resources made it very difficult for small scale businesses to keep proper books of account. Also, with poor financial records keeping, SSIs cannot do financial analysis to ascertain the trends of their business performance, having working capital problem, unable to predict business environment to maximize its strength and opportunities which is the major cause of business failures among the SSIs

Mutua (2015) carried out another study on the Effect of Bookkeeping on the Growth of Small and Medium Enterprises in Chuka Town. This study used an explanatory study design and adopted a survey approach. The findings showed that only 52.7% of the respondent has kept financial records. Thus many businesses lack records that can be used by business owner. The researcher concluded that bookkeeping impacts on the growth of SMEs in terms of level of sales, size of the business and level of profitability and there is need for cooperation therefore from all the stakeholders in ensuring small businesses are operated in a more professional manner to attain the economic growth as a whole.

In another study conducted by Sajuyigbe, Adeyemi and Odebiyi (2016) on financial management practices and women entrepreneurs' performance: An empirical investigation, the study used survey design and the data were collected through structured questionnaire from randomly selected 114 women entrepreneurs in Osun State, Nigeria. Findings from the study revealed financial management practices have a strong positive influence on female entrepreneurs' performance.

Accounting Record Keeping Practices in Small and Medium Sized Enterprise's (SME's) in Sri Lanka by Madurapperuma, Thilakerathne, & Manawadu (2016) was another study carried out. The researcher used the survey method. 150 questionnaires were distributed. Respondents were asked to choose accounting records they kept in SMEs from a given list. The result of this showed that the complete set of accounting records ranked highest with 42% and the cashbook ranked second with 29%. The primary entry books only ranked third with 5%. It is important to mention that 29% respondents kept none of the accounting records. 20% of the retail shops business kept complete set of accounting records and most of the SMEs in the service sector kept cashbook only.

Holmes & Schaper (2018), in their survey study of accounting information requirements of 928 small enterprises operating in Sydney, Melbourne and Brisbane found out that 57 of the respondents used the journal/ledger (double entry) systems.

Considering a study carried out by Mwebesa, Rwego, Kansime, Asimwe and Mugambe (2018) on the effect of financial record keeping on financial performance of development groups in rural areas of Western Uganda. Out of 103 development groups from Kasese, Rubirizi and Rukungiri districts, 33 development groups were selected using non-random (purposive) sampling method. The result of the study confirmed that financial record keeping had a great contribution or influence on financial performance

3. METHODOLOGY

3.1 Research Design

This work adopted the descriptive research design to determine the role of book-keeping on Sustainability of Small and Medium Enterprises (SMEs) in Nigeria with case study of Selected SMEs in Osun State. The data used in this study was obtained through questionnaire from primary sources.

3.2 Area of the study

This study was carried out in Osun State in Nigeria. Osun State is commercial hub for both agricultural and industrial goods from different parts of the country. The area is amalgamation of urban and rural structures characterized by various Small and Medium Enterprises (SMEs). Osun State shares boundary with Kwara State, Ekiti State, Ondo State, and Oyo State respectively.

3.3 Population of the Study

The population of the study is thirty seven (37) registered Small and Medium Enterprises (SMEs) by Osun State Ministry of Commerce, Co-operative and Industry. The List of SMEs as contains in the official record of ministry are stated below: Crown King Metal and Aluminium, Ikirun Road Osogbo; Top Stay International Nig.Ltd, Osogbo; Murphy Gate Nig. Ltd, Ikirun Road Osogbo; Padickay Printing and Publishing Company, Ogo Oluwa Osogbo; Rabol Unique Company, Osogbo; Dipson Plastic and Recycling Plant, Osogbo; Alhaji Muritala Oyetunji and Sons Nig,Ltd, Osogbo; Harbins Agro Milled Ltd, Egbedi-Erin Osun; Lawood Metals Nig.Ltd, Okinni; Lagbjigan Nig. Enterprise, Osogbo; Sam Ace Limited, Ede; Ergo Muti Ventures Limited, Ede; Laddans Contracts and Supplies Limited, Osogbo; Time Building and Construction Company, Osogbo; Muda Folorunso Steel

Construction Nigeria, Osogbo; Demlat Ventures Nigeria Limited, Osogbo; Moshua Integrated Services Limited, Osogbo; Sunboh Oil and Agro Allied, Osogbo; Ife Iron and Steel Nigeria Ltd, Ife; Imo HillsFarms, Ilesha; Atman Limited, Osogbo; Ladsol Ventures Limited, Osogbo; Agwu Odumegwu International Ltd, Osogbo; Irepodun & Sons Nig.Ltd, Iwo; Ollan Holdings Nig.Ltd, Iwo; Hammed Raji & Sons Limited, Osogbo; Linhab Plastics Industries, Osogbo; Honesty Multi Dynamic Ventures Ltd, Ede; G-Rehoboth Aluminum Factory, Osogbo; Amporit Int.Ltd, Ede; Davemake Chemical Nig.Ltd, Osogbo; Omsat Global Resources Ltd, Ile Ife; Latborn General Merchant Ltd, Ile Ife, Al-Bareel Daglobal Investment Ltd, Ile Ife; Abiola Electrical Machinery Company, Osogbo; West-Stone and Marble Processing Coy.Ltd, Osogbo ; and West-stone Paint Ltd [Source: Osun State Ministry of Commerce, Co-operative and Industry, 2020].

3.4 Sample Size and Sampling Technique

The sampling techniques employed for this study are stratified and simple random sampling methods. Stratified sampling technique was employed to select respondents since the population was not homogeneous and could be subdivided into groups or strata to obtain a representative sample, so out of the population of 97 (Table 1), sample of 78 was selected. Simple random technique was used because every participant has equal chance of being selected.

In this study, the selected seven Small and Medium Enterprises were stratified into seven to represent the Small and Medium Enterprises under study after which questionnaires were administered using simple random sampling to each of the strata according to their percentages indicated in Table 3.2. The sample size was derived statistically by using Taro Yamane (1967) formula as expressed by Israel (1992) as follow:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size

N = Total Population

e = Level of significance (95%)

Therefore,

$$n = 97 / 1 + 97(0.05)^2$$

$$= 97 / 1 + 97(0.0025)$$

$$= 97 / 1 + 0.2425$$

$$= 97 / 1.2425$$

$$= 78.068$$

Approximately 78 respondents will be given questionnaire instruments,

Table 1: Estimated Total Population of the selected Small and Medium Enterprises (SMEs) in Osun State

S/N	Manufacturing Company	Population
1	Top Stay International Nigeria Limited, Osogbo	25
2	Lawood Metals Nigerial Limited, Okinni	14
3	Harbins Agro Milled Limited, Erin Osun	11
4	Lastborn General Merchant Limited, Ile Ife	11
5	Amporit International Limited, Ede	08
6	Davemake Chemical Nigeria Ltd, Osogbo	18
7	Al-Bareel Daglobal Investment Ltd, Ile Ife	10
TOTAL		97

Source: Researcher’s Survey, 2020

Table 2: Staff Population and Sample Size of Selected Sampled Small and Medium Enterprises (SMEs) in Osun State

S/N	Manufacturing Company	Total Population	Percentage	Number of Respondents
1	Top Stay International Nigeria Limited, Osogbo	25	25.77	20
2	Lawood Metals Nigeria	14	14.43	11

3	Limited, Okinni Harbins Agro Milled Limited, Erin Osun	11	11.34	9
4	Lastborn General Merchant Limited, Ile Ife	11	11.34	9
5	Amporit International Limited, Ede	08	8.24	6
6	Davemake Chemical Nigeria Ltd, Osogbo	18	18.55	15
7	Al-Bareel Daglobal Investment Ltd, Ile Ife	10	10.30	8
TOTAL		97	100	78

Source: Researcher’s Survey, 2020

3.5 Research Instrument

The research instrument for the study is the questionnaire. This was designed to elicit vital information in line with the stated objectives of the work. The questionnaires were distributed to seventy eight (78) respondents in seven selected Small and Medium enterprises (SMEs) in Osun State (Table 2). The completed (filled) questionnaires were retrieved back after some days they were giving to the respondents to answer the questions. All the distributed questionnaires were retrieved back from respondents.

3.6 Validity and reliability of research Instrument

The constructed questionnaire was submitted to the experts for critical, analytical and logical appraisal and assessment of contents and statements in the instruments and this then made the instrument valid for the study. To ensure proper reliability of the instrument, the questions were not ambiguous to respondents in order to avoid the impression of different interpretation or constructed in a way that give different meaning that could generate inaccurate and inconsistent responses when instrument is repeatedly objectivity with no leading question as to answer desired.

3.7 Method of data collection

The primary data was obtained using properly structured questionnaire administered to the respondents from both firms. The questionnaire contained multi –choice question so that the respondents can answer and fill it without much problem, and to know the opinions, ideas and experiences of the respondents.

3.8 Method of data analysis

The statistical method used to analyze the data for the purpose of this study includes both the descriptive and inferential statistics. The descriptive statistics of frequency distribution, percentages mean and standard deviation were used to analyze and relate variables which were obtained from the administered questionnaire. Hypotheses were tested using correlation and regression analysis.

4. RESULT AND DISCUSSION

4.1 Socio Demographics of Respondents

Table 3: Socio Demographics of the Respondents

S/N	CLASSIFICATIONS	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Gender	Male	21	26.92	
		Female	57	73.08	
2	Age	Below 30 years	15	19.23	
		30-40	30	38.46	
		41-50	20	25.64	
		Above 50	13	16.67	
3	Marital Status	Single	21	26.92	
		Married	57	73.08	
4	Education Qualification	O-Level	15	19.23	
		OND/NCE	23	29.49	

		B.Sc	34	43.59	
		M.Sc	6	7.69	
5	Years in Business Operation	0-5 years	42	53.85	
		6-10 years	11	14.10	
		11 and above	25	32.05	
6	Type of Business	Sole proprietorship	60	76.92	
		Family	7	8.97	
		Partnership	11	14.10	

Source: Researcher’s Survey, 2020

The above table (3) shows the demographic of the respondents. The gender of respondents were clearly revealed in the above table (3) 21 out of 78 respondents are males which make up 26.92% of the entire respondent, but 73 respondents are female which makes up the remaining 73.08 % of the total respondent. This showed that respondents in selected SMEs (Osun State) are more of the female than male. This implies that the SMEs in Osun State employed more of female than male while percentage of the people involved in the business are also female. T

The Table 3 shows that 15 (19.23%) of the respondent reported age below 30 years, 30 (38.46%) aged between 30-40 years, 20 (25.64%) were between age 41-50 years, and only 13 (16.67%) aged 51 years and above. This means that most of the respondents whose opinions were sampled in this study were averagely aged. The implication of this result is that the participants are best averagely aged to carry out business activities more effectively. Out of the 78 respondents, 21 respondents were single being 26.92% of the total respondents, 57 respondents were married being 73.08% of the total respondent. This implies that there are more married respondent and as such responses will be reasonable free from bias and items treated maturely .Education qualification of the respondent (Table 3) shows that those with B.Sc. Degrees had the highest frequency being 34 respondents with 43.59% of the total respondent, followed by OND/NCE holders which were 23 respondents with 29.49% of the total respondent, followed by O-Level holders which were 15 respondents with 19.23 of the total respondent, and M.Sc. holders which were 6 respondents with 7.69% of the total respondent. The numbers of years used in the business operation by the respondent in the company showed that that 42 (53.85%) of respondents are in business for period of 0-5 years, 11 (14.10%) of respondents have been in the business for 6-10 years while 11 and above years has 25 respondents each with 32.05% of the total respondent. This reveals that information provided by respondents was in line with the effect of sustainability. The type of business of selected SMEs shows that 60 out of 78 respondents were sole proprietors which makes up 76.92% of the entire respondent, 7 respondents were managing the family business with makes up 8.97% of the entire respondent and 11 respondents were operating under partnership which makes up the remaining 14.1% of the total respondent. This revealed that more of the respondent own their businesses privately which would help provide adequate information from respondent.

4.2 Adoption of Book-keeping Practices

Table 4: Adoption of Book-keeping Practices by Selected Small Medium Enterprises (SMEs) in Osun State

Statement	Very High Extent	High Extent	Average Extent	Low Extent	Very Low Extent	Mean	Standard Deviation
Keep records of daily business transaction	47 (60.3%)	8 (10.3%)	11 (14.1%)	8 (10.3%)	4 (5.1%)	1.8974	1.27503
Use of basic books of account are Ignore	30 (38.5%)	16 (20.5%)	6 (7.7%)	8 (10.3%)	18 (23.1%)	2.5897	1.62318
Lack professional personnel skills for bookkeeping purposes	20 (25.6%)	27 (34.6%)	11 (14.1%)	16 (20.5%)	4 (5.1%)	2.4487	2.4487

Source: Researcher’s Survey, 2020

From above table (4) 4.4, it is shown that 47 (60.3%) of the entire respondent responded at Very high extent to fact they keep record of daily business transaction, 8(10.3%) of respondents agree at High extent, 11(14.1%) of the entire respondents responded at average extent, 8 (10.3%) of the entire respondents responded at Low extent that they keep records of daily business transactions and only 4(5.1%) responded at Very low extent with the proposed assertion. This shows that a good number of Small and Medium Enterprises (SMEs) owners keep records of their daily business transactions.

The analysis of the data (Table 4) revealed that 30 (38.5%) of respondents ignore the use of basic books account at Very high extent, 16 (20.5%) of respondents ignore the use of basic accounts at High extent, 6 (7.7%) of respondents reported with Average extent, 8 (10.3%) reported with low extent and 18 (23.1%) are of opinion that use of basic book of account are ignore at Very low extent. This implies that many respondents ignore the use of basic books of account.

Highest number of respondents with 27 (34.6%) agree at high extent that lack of professional personnel skills for book keeping purposes, 20 (25.6%) agree at Very high extent, 16 (20.5%) agree at Low extent, 11(14.1%) are of opinion to Average extent and 4(5.1%) of the total respondent submit at Very low extent to the fact that Small and Medium enterprises lack professional skills for bookkeeping purposes. This simply means that, with the greater frequency of respondent that agreed, Small and Medium enterprises lack professional skills for record keeping purpose.

The table above (4) shows that the mean scores of the items are 1.90, 2.59 and 2.45 respectively. Since none of the mean scores is more than 3.0($\bar{x} \neq 3.0$), it implies that most of the respondents agreed with the items answering bookkeeping practice. The implication of this is that bookkeeping practices are not adopted by the ME owners for record keeping purposes. The Standard deviation (Table 4) shows that, the respondents answers varied most on “Ignore the use of basic books of account” (highest standard deviation 1.623), while their answers were most similar on “Lack professional personnel skills for bookkeeping purposes” (least standard deviation 1.224).

Research Question One: To what extent does bookkeeping practice results in sustainability of small and Medium Enterprises?

4.3 Impact of Bookkeeping on Small and Medium Enterprises Sustainability

Table 5: Impact of Bookkeeping on Small and Medium Enterprises Sustainability

STATEMENT	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Mean	Standard Deviation
There will be Lack of knowledge of business growth without book keeping	19 (24.4%)	33 (42.3%)	4 (5.1%)	9 (11.5%)	13 (16.7%)	2.5385	1.41139
There will be Problem of calculating periodic profit without book keeping	25 (32.1%)	21 (26.9%)	4 (5.1%)	15 (19.2%)	13 (16.7%)	2.6154	1.51384
Use of bookkeeping provides knowledge of business performance and corresponding control measures	74 (94.4%)	4 (5.1%)	-	-	-	1.0513	.22200
There will be loss of opportunity of financial assistance without book keeping	23 (29.5%)	22 (28.8%)	-	11 (14.1%)	22 (28.2%)	2.8333	1.65472
You would recommend proper bookkeeping to aids growth and sustainability	58 (74.4%)	16 (20.5%)	-	-	4 (5.1%)	1.4103	.9319

Source: Researcher’s Survey, 2020

Table 5 above shows that 19 (24.4%) of the respondents strongly agreed that there will be lack of knowledge of business growth without proper book keeping, 33 (42.3%) of respondents agreed, 4 (5.1%) of the respondents are undecided, 9 (11.5%) of the entire

respondents disagreed and 13 (16.7%) of respondents strongly disagreed with the proposed assertion. This gives a view that the lack of bookkeeping in small and medium enterprises (SMEs) causes lack in knowledge of business growth.

25 (32.1%) of respondents strongly agreed that there is a problem with calculating periodic profit due to lack of bookkeeping records, 21 (26.9%) of respondents agreed, 4 (5.1%) of respondents are undecided, 15 (19.2%) of respondents disagreed while 13 (16.7%) of respondents are strongly disagreed. The implication is that there would be a problem of calculating periodic profit due to lack of bookkeeping records.

Also, 74 (94.9%) of the respondent are strongly agreed that use of bookkeeping provides knowledge of business performance and corresponding control measures, 4(5.1%) of the total respondents agreed, none of the respondent responded to undecided, disagreed and strongly disagreed which states the fact that all the respondents agreed that a proper bookkeeping system put in place would aid in proper measurement of the business and adequate corresponding control measures.

23(29.5%) of the respondents are strongly agreed that there will be loss of opportunity of financial assistance without book keeping, 22(28.8%) agreed, 11(14.1%) disagreed, 22(28.2%) strongly disagreed while non of the respondent undecided. The positive result gotten from the respondents was greater than the negative results in statement, the positive result showed in total 57.7% responded to (strongly agreed and agreed). While those that responded the negative result shows 42.3% responded to (disagreed and strongly disagree). This shows that the lack of proper bookkeeping system could lead to loss of financial assistance from third parties especially financial institutions.

58 (74.4%) of respondents strongly agreed to recommend proper bookkeeping to aids growth and sustainability, 16 (20.5%) of respondent agreed, and 4(5.1%) of total respondent strongly disagreed to recommendation of the use of bookkeeping in every business to aid business growth and sustainability.

The above table (5) shows that the mean scores of the items were 2.62, 2.54, 2.83, 1.05 and 1.41 respectively. Since none of the mean scores were more than 3.0($\bar{x} \geq 3.0$), it shows that majority of the respondents agreed with the statements answering the research question one. The implication of this is that the respondent agreed to all questioned asked concerning bookkeeping in small and medium enterprises (SMEs) in Osun State.

The Standard deviation showed that, the respondents answers varied most on “Loosing opportunity of financial assistance.” (highest standard deviation 1.655) while their answers were most similar on “Use of bookkeeping provides knowledge of business performance and corresponding control measures” (least standard deviation 0.222).

Research Question Two: To what extent do Small and Medium Enterprises owners appreciate the use of bookkeeping?

4.4 Extent at which Small and Medium Enterprises owners appreciate the use of bookkeeping

TABLE 6: Use of Bookkeeping in Small and Medium Enterprises (SMEs)

Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Mean	Standard Deviation
Keep adequate records of their sales and other business transactions	51 (65.4%)	7 (9.0%)	5 (6.4%)	3 (3.8%)	12 (15.4%)	1.9487	1.51098
I have been asked for financial record but could not provide them	8 (10.3%)	15 (19.2%)	3 (3.8%)	17 (21.8%)	35 (44.9%)	3.7179	1.45849
I know how to use basic record books as it relates to accounting bookkeeping	8 (10.3%)	10 (12.8%)	6 (7.7%)	37 (47.4%)	17 (21.8)	3.5769	1.25377
Adequate records for purchases and overheads	15 (19.2%)	17 (21.8%)	-	32 41.1	14 (17.9)	3.1667	3.1667

Source: Researcher’s Survey, 2020

From the table above (Table 6), 51(65.4%) of respondents strongly agreed that they keep adequate records of daily transaction, 7(9.0%) of respondents agreed, 5(6.4%) were undecided, 3(3.8) disagreed and 12(15.4%) of respondents strongly disagreed that they keep adequate records of their sales and other transactions. This implies that a higher proportion of respondents agreed that they keep adequate records of their sales and other business transactions.

Also, 8(10.3%) of the entire respondents are strongly agreed that they have been asked for financial records but could not provide it, 15(19.2%) respondents agreed, 3(3.8%) were undecided, 17(21.8%) of respondents disagreed and 35(44.9%) of the total respondent strongly disagreed. This implies that most of the respondents have been asked for their financial records but could not provide it.

The above table (6) shows that higher proportion of Selected Small and Medium Enterprises (SMEs) in Osun State do not know how to use basic record books as it relates to accounting bookkeeping. 8(10.3%) of respondents strongly agreed that they know how to use basic records books as it relates to accounting book keeping, 10(12.8%) of respondents agreed to this view, 6 (7.7%) were undecided, 37(47.4%) of respondents disagreed and 17(21.8%) of Selected Small and Medium Enterprises in Osun State (SMEs) strongly disagreed that they know how to use basic record books as it relates to accounting bookkeeping.

Table 6 reveals that 15(19.2%) of respondents strongly agreed that they have adequate records for purchases and overheads, 17(21.8%) of respondents agreed, 32(41.0%) of the total respondents disagreed and 14(17.9%) of total respondent strongly disagreed that they have adequate records for sales, purchases and overheads. This shows that small and medium enterprises owners do not have adequate records for purchases and overheads in selected small and medium enterprises in Osun State.

The Table 6 shows that the mean scores of the items are 1.95, 3.72, 3.58 and 3.17 respectively. Since only one of the mean scores was less than 3.0($\bar{x} < 3.0$), it implies that the majority of the respondents disagreed with the statements answering the research question two. The implication of this is that the respondents disagreed to the fact that they are able to use basic record books as it relates to accounting bookkeeping.

The Standard deviation showed that, the respondent answers varied most on “Keep adequate records of daily and other business transactions” (highest standard deviation 1.511), while their answers were most similar on “I know how to use basic record books as it relates to accounting bookkeeping” (least standard deviation 1.254).

Research Question Three: What is the extent of constraint that Small and Medium Scale enterprises have with standard bookkeeping practices?

4.5 Constraint of Small and Medium Scale enterprises to standard bookkeeping practices

Table 7: Analysis of Bookkeeping Constraints

Statement	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Mean	Standard Deviation
I do not know how to keep financial records of daily transactions	3 (3.8%)	17 (21.8%)	5 (6.4%)	17 (21.8%)	36 (46.2%)	3.8462	1.31995
Cannot afford the time expense for record keeping	32 (41.1%)	15 (19.2%)	1 (1.3%)	16 (20.5%)	14 (17.9%)	2.5513	1.60880
My business is not large enough to accommodate bookkeeping	17 (21.8%)	28 (35.9%)	4 (5.1%)	10 (12.8%)	19 (24.4%)	2.8205	1.52676
My business cannot afford an accountant to help keep financial records.	37 (47.4%)	17 (21.8%)	6 (7.7%)	10 (12.8%)	8 (10.3%)	2.1667	1.40885

Source: Researcher’s Survey, 2020

The Table 7 indicates that a higher percentage of respondents know how to keep financial records of their daily transactions. 3(3.8%) of respondents strongly agreed that selected Small and Medium Enterprises in Osun State do not know how to keep financial records of daily transaction, 17(21.8%) of respondents agreed, 5(6.4%) undecided, 17(21.8%) of respondents disagreed and 36 (46.2%) of respondents strongly disagreed that selected Small and Medium Enterprises in Osun State do not know how to keep financial records of daily transactions.

The statistical presentation above showed the gross percentage of respondent that strongly agreed, agreed, undecided, disagreed and strongly disagreed to the fact they do not have the time expense of keeping financial records. It shows that 41.1% being 32 respondents out of the 88 respondents strongly agreed, 15(19.2%) of the total respondents responded to agreed, 1(1.3%) of the total respondents responded to Undecided, 16(20.5%) of the total respondents responded to disagreed and 14(17.9%) of the total respondent responded to strongly disagreed to the fact they do not have the time expense of keeping financial records.

Table 7 above showed that 17(21.8%) of the respondent strongly agreed that the business is not large enough to accommodate book keeping, 28(35.9%) of the respondent agreed to this submission, 4(5.1%) were undecided, 10(12.8%) of the respondents disagreed and 19(24.4%) of the total respondent were strongly disagreed that their business is not big enough to accommodate bookkeeping. Since a greater percentage of the respondents were positive, selected Small and Medium Enterprises in Osun State believe that their business is not big enough to accommodate bookkeeping.

The table above (7) shows that 37(47.4%) of the respondents strongly agreed that the business cannot afford an accountant to help keep financial records, 17(21.8%) of the respondent agreed to the view, 6 (7.7%) were undecided, 10 (12.8%) of the respondents disagreed and 8 (10.3%) of the total respondents strongly disagreed that they cannot afford an accountant to help keep their financial records. Since a greater percentage of the responses from respondents were positive, then selected Small and Medium Enterprises in Osun State cannot afford an accountant to help keep their financial records.

The table 7 above shows that the mean scores of the items were 3.85, 2.56, 2.82 and 2.17 respectively. Since only one of the mean scores was greater than 3.0($\bar{x} < 3.0$), it implies that the majority of the respondents agreed with that statements answering the research question three. The implication of this is that the respondent agreed to the fact that there are constraints inherent in bookkeeping that causes the lack of record keeping among Small and Medium Enterprises (SMEs).

The Standard deviation showed that, the respondents answers varied most on “Cannot afford the time expense for record keeping” (highest standard deviation 1.609), while their answers were most similar on “I do not know how to keep financial records of daily transactions” (least standard deviation 1.320).

4.6 Test of Hypothesis

4.6.1 Hypothesis One

H₀: There is no significant relationship between bookkeeping and small and medium enterprises (SMEs) sustainability

H₁: There is a significant relationship between bookkeeping and SMEs sustainability

Table 6: Correlation Analysis between Bookkeeping and SMEs

		Bookkeeping	Small and Medium Enterprises (SMEs) Sustainability
Bookkeeping	Pearson Correlation	1	.473
	Sig. (2-tailed)		.000
	N	78	78
Sustainability	Pearson Correlation	.473	1
	Sig. (2-tailed)	.000	
	N	78	78

Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher’s Survey, 2020

From Table 8, it was observed that the returned Correlation Coefficient (r) was calculated as +0.473. Also, the returned p-value = 0.000 < 0.01, the criterion level of significance, thus the null hypothesis is rejected and alternative hypothesis accepted. This also shows that Correlation coefficient (r) has a positive and average correlation. Hence, there is a significant relationship between bookkeeping and SMEs sustainability in Selected Small and Medium Enterprises in Osun State.

This indicates that there was a positive and significant correlation between bookkeeping and SMEs sustainability with $r = +0.473$ and $p\text{-value} = 0.000 < 0.01$. This implies that bookkeeping system significantly contributes to SMEs sustainability in the Selected Small and Medium Enterprises in Osun State.

4.6.2 Hypothesis Two

H₀: Bookkeeping practice has no significant effect on Small and Medium Enterprises Sustainability

H₁: Bookkeeping practice has significant effect on Small and Medium Enterprises Sustainability.

Model Specification

Dependent Variable: Small and Medium Enterprises Sustainability (SMEsS)

Independent Variable: Bookkeeping Challenges (BC)

$$SMEsS = a + f(BC) + e \quad \text{OR} \quad Y = a + f(X_1) + e$$

Where $a = \text{Constant}$, $BC = X_1$, $e = \text{error term}$ and $f = \text{beta (B) values}$

The average of the items measuring Small and Medium Enterprises Sustainability Sustainability in the questionnaire was used to represent the variable.

ANALYSIS USING REGRESSION

Table 4.6.2a: Model Summary of Hypothesis 2

Model Summary of Hypothesis 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.491 ^a	.241	.231	1.23760

a. Predictors: (Constant), Bookkeeping Constraints

Interpretation (Model Summary)

The Table 4.8.2a presents summary of the model generated to show the functional or empirical relationship between the variables measured; Repressors’ or independent variable (Bookkeeping Constraints) and the Regress or dependent variable (Small and Medium Enterprises Sustainability).

For the final model derived, R-Coefficient of Regression which measures the direction and strength of the relationship between independent variables and the dependent variables for the model was (0.491), which indicates that the relationship is positively fair. R-Square – Coefficient of determination which shows the percentage of the total variation of the dependent variable that can be explained by the variation in the independent variable. In the above model, the R² for final model derived = 0.241 indicates that 24.1% of the variations or changes in Small and Medium Enterprises Sustainability is caused by the independent variables Bookkeeping Constraints.

Adjusted R-Square also shows that 0.231 (23.1%) of the variance in Small and Medium Enterprises Sustainability was explained by the model, while the remaining 76.9% of variation is outside this model.

Based on the above summary, it can therefore be concluded that the there exists a weak significant linear relationship between Small and Medium Enterprises Sustainability and the predictor (Bookkeeping Constraints).

Table 4.6.2b: ANOVA^a of Hypothesis 2

ANOVA^a of Hypothesis 2

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.978	1	36.978	24.142	.000 ^b
	Residual	116.406	76	1.532		
	Total	153.385	77			

a. Dependent Variable: Small and Medium Enterprises Sustainability

b. Predictors: (Constant), Bookkeeping Challenges

Decision rule: the P.sig value of 0.000($p < 0.01$) signified that there exists a significant effect of proper and adequate bookkeeping on Small and Medium Enterprises sustainability. The last column “Sig.” shows the goodness of fit of the model. Because the P-value is lesser than 1% of level of significance (that is 0.000 % < 1%), we therefore reject the null hypothesis and accept the alternative hypothesis. In essence, the model is fit to explain the change in the dependent variable.

Table 4.6.2c: Coefficients^a of Hypothesis 2

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.439	.264	.491	5.454	.000
	Bookkeeping Constraints	.431	.088		4.914	.000

a. Dependent Variable: Small and Medium Enterprises Sustainability

From Table 4.8.2c, the coefficient for bookkeeping constraints is 0.431, so for every unit increase/ decrease in bookkeeping constraints, a 0.431 increase/ decrease in Small and Medium Enterprises sustainability is predicted.

Hence, the Model or linear equation becomes;

$$Y = A + f(X_1)$$

$$Y = (1.439) + (0.431 * X_1)$$

$$Y = 1.439 + 0.431 * X_1$$

The developed model (under the Standardized Coefficients; Beta) also reinforces that the independent variable has either positive or negative contribution to the sustainability of Small and Medium Enterprises in Osun State, with co-efficient of 0.491.

Hence, the null hypothesis that states: Problem of proper and adequate bookkeeping has no significant impact on Small and Medium Enterprises sustainability is rejected, while its alternative is accepted.

This implies that Small and Medium Enterprises sustainability in Osun State is influenced by proper bookkeeping and its constraints.

5. Conclusion and Recommendation

5. Conclusion

The result of the findings of this study shows that majority of small and medium enterprises in Osun State do not know how to keep their financial records in line with accounting bookkeeping. Bookkeeping as it relates to accounting records would help small and medium enterprises to calculate accurate profit, measure performance and put adequate maintenance and control measures. The research concluded that there is a moderate positive significant relationship between bookkeeping and the sustainability of small and medium enterprises. Also, the problem of proper and adequate bookkeeping has a significant impact on microenterprise sustainability. Accounting bookkeeping would help small and medium enterprises to grow, and hence, results in sustainability if only the small and medium enterprises owners would invoke the act of proper record keeping of their basic transactions as relating to accounting bookkeeping.

5.2 Recommendations

Bookkeeping is a very important business and financial tool for record purposes, monitoring, measuring and control that could trigger growth and sustainability. Bookkeeping as discussed in the study has gone a long way to reduce the rapid winding up of small scale business and aided sustainable growth of such businesses. Dedication to daily and accurate record of transactions would help microenterprises positively. This can be narrowed down to the findings of this study.

In other to achieve sustainability through the use of appropriate bookkeeping as related to accounting, it is recommended that: SMEs owners should put effort in learning of basic accounting record keeping; In the event of time deficiency, or poor bookkeeping literacy, SMEs owners are advised to employ (even if not fixed employment) a bookkeeper to help monitor the finances of the business; In case of need for financial assistance when financial records are requested for, SMEs owners are advised that records of the business transactions should be adequate and timely (up-to-date); SMEs owners should be enlightened on business growth and the concept of business entity so as to operate at maximum efficiency; Bookkeeping at the level of microenterprises should be used as an instrument for measurement and growth; In addition, deliberate and more aggressive public enlightenment campaigns should be embarked upon by corporate, government and financial bodies to educate micro business owners on bookkeeping and its effect on business growth and sustainability

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