The Role of Bookkeeping on the Survival of Very Small Businesses in the Kumba Municipality

Negou Ernest

Department of Management Sciences, Higher Technical Teachers´ Training College, Kumba, University of Buea, Buea, Cameroon
*Corresponding author. E-mail: negou1@gmail.com. Tel: +237 675 096 933 / 690 941 249

Abstract— This paper examines the effect of bookkeeping on the survival of Very Small businesses in the Kumba municipality. A sample of 150 respondents was selected through stratified and random sampling. Data was collected mainly through questionnaire. Descriptive (percentages) and inferential (the Chi square) statistical tools were used for the analysis and testing of hypotheses. The findings revealed that most very small businesses in the Kumba Municipality have an account clerk and record their transactions manually following the single entry system. The major bookkeeping challenge they face is the lack of time, as such many of them maintain only the sales book. The study also revealed that when adequately kept, bookkeeping significantly influences the survival of very small businesses in the Kumba municipality as it enables them to trace their problems and to provide appropriate solutions. It was recommended that very small business owners should acquire further training in bookkeeping or employ qualified bookkeepers to assist them in their tasks.
Keywords— Bookkeeping, Very small businesses, Accounting system and survival.

I. INTRODUCTION

Small businesses dominate most economies in the world. They account for about 80% of the total industrial labour force in Japan, 50% in Germany, 46% in USA (Allouche & Amann, 2002; Dana & Ramadani, 2015; Kenyon-Rouvinez & John, 2004; Kuratko, 2003). According to the National Institute of Statistics (NIS) of Cameroon (2009 and 2017), over 95 percent of Cameroonian enterprises are small businesses. 70 percent of job creation in Cameroon and over 90 percent of Cameroon's national economic fabric are of the responsibility of small businesses which contribute more than 34% of the Gross Domestic Product (GDP). To promote and support this category of businesses, the government of Cameroon created the Ministry of Small and Medium Size Enterprises and enacted the law N° 2010/001 of April 13, 2010 as modified by the law N° 2015/010 of the 16th of July 2015 on the promotion of Small and Medium- sized Enterprises (SMEs). This testifies the importance of these firms for the Cameroonian economy.

Kumba is located in the South West Region of the country. Its proximity with Douala, the economic capital of Cameroon and to the neighbor country, Nigeria, the first African economy, has made the city, a strategic trade point. Just like the rest of the country, its economy is also dominated by small businesses. Unfortunately, most of these firms do not always make appropriate use of bookkeeping. Bookkeeping is often described as "language of business". It involves analyzing and using financial information to understand and evaluate the financial position of an organization, or a business. According to Ajao, Oyeyemi, & Moses, (2016), 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. The necessity of recording all the transactions clearly and systematically cannot be over-emphasized. Prepared on the basis of uniform practices, accounting records enable businesses to compare results of one period with another period. Taxation authorities are most likely to believe the facts contained in the set of accounting records/books if they are maintained according to generally accepted accounting principles (GAAP). Accounting records backed up by proper authenticated vouchers are good evidence in the court of law in the event of fraud by the customers, suppliers and employees. These accounting tasks are necessary in every organization including small ones. However, despite their importance, studies on small businesses have disclosed that 50% stagnate at a small level or have deteriorating performance and about 60% fail within the first three years of operations due to management inefficiencies resulting from poor record keeping (Bowen, Morara, & Mureithi, 2009; Gronum, Verreynne, & Kastelle, 2012; Amoako, 2013; Mbroh &

Attom, 2011; Ntim, Evans, & Anthony, 2014). Many are running at loss without knowing because of poor or the absence of bookkeeping; also many cannot have access to credit due to the lack of good records (Williams & Schaefer, 2013).

This study seeks to investigate if small businesses in the Kumba municipality keep records and to measure the role of record keeping on the survival of these businesses. Therefore, its **main objective** is to examine the role of bookkeeping on the survival of very small businesses in the Kumba Municipality. This main objective can be further subdivided into the following specific objectives: to verify the extent to which small businesses in the Kumba municipality keep records, then identify the types of books (records) kept and the recording system used and how it is used; to examine the usefulness or ways through which adequate bookkeeping affects the survival of very small businesses in the Kumba Municipality.

From these objectives, the following hypotheses have been formulated:

Null: Inadequate bookkeeping does not have any significant effect on the growth and survival of very small businesses.

Alternate: Inadequate bookkeeping have a significant effect on the growth and survival of very small businesses.

Before testing these hypotheses, let us scrutinize what the literature has developed on the subject-matter.

1.1 Literature review

Research on the effect of bookkeeping on small businesses has been carried out in many countries´ regions as follows: in a descriptive study based on qualitative and quantitative data carried out on Record Keeping and Growth of Micro and Small Enterprises in the Thika Municipality in Kenya, 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.

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.

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 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.

Olatunji (2013) carried out another analysis on the Impact of Accounting Records Keeping on the Performance of the Small Scale Enterprises in Ogbomosho, 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.

Accounting Record Keeping Practices in Small and Medium Sized Enterprise's (SME's) in Sri Lankaby 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.

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 revealedthat SMEs do keep accounting books in recording theirbusiness transactions. It further revealed thatSMEs do not maintained all the required books of originalentry. The study also found out that; most SMEs maintained fixedasset register than all other books of original entry. Cashtallied 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 relationshipbetween the firm's size and the types of books kept. Micro firms (1 to 6 employees) usuallykept 1 to 3 books, whereas medium sized enterprise (31 to 50employees) kept 5 and 6 books. This goes to confirmedassertions made by previous research that the size of a firminfluences the types of books to be kept.

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" byAdemola, 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.

Another study carried out on the effect of bookkeeping on the growth of small and medium enterprises in Chuka town (Mutua, 2015), the descriptive study which used both quantitative and qualitative data, found that SMEs do not keep complete accounting records because of lack of accounting knowledge and the cost of hiring professional accountants. As a result, there is inefficient use of accounting information to support financial performance measurement by SMEs. This made it difficult for the entrepreneurs to calculate their business profit efficiently.

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.

This intense literature is backed by several theories. This will constitute the next section of this paper.

1.2 Theoretical Framework

To support this research a good number of theories have been mobilized namely the decision theory, the measurement theory and the double entry theory.

1.2.1 Decision Theory

The essence of this theory is that decision-making is not an intuitive process but a conscious evaluation of the possible alternatives that leads to best result or optimizes the desired goal. Decision theory on accounting was pioneered by Herber Simon in 1952. It is concerned with the identification of the best alternatives used to make decisions. Thus the use of mathematical approaches like ratios to analyze and explain the relationship between variables will guide small businesses in decisions making on daily activities. With decision theory, accounting can

be viewed as a discipline with practically no interaction with other operating functions of the business. With this in mind, this fact might not be quite realistic because, accounting functions are intertwined with managerial analysis because, as an information system, it provides significant meaningful information about the firm both for internal management use and external financial reporting. So, it cannot be totally independent.

1.2.2   Measurement Theory

Measurement means assigning of numerals to objects or events according to some rules. The process of preparing financial statements is considered a process of measurement. In bookkeeping, the first step is to select the object and their attributes (Holmes & Nicholls, 1988). Accordingly, accounting has been defined as a measurement discipline that pertains to the quantitative description and projection of income circulation and of wealth aggregates in explicit monetary terms. Although, the term measurement has been typically defined as the assignment of numerals to objects or events according to rules, in relation to accounting, measurement implies financial attributes of economic events that are called accounting valuations which simply means assigning numbers to the assets and liabilities and ranking them on the priority like from less liquid assets to highly liquid assets. Worth noting is the point that not all events, items or transactions can be measured but are materially useful for the survival of a business, thus, it is seen as a weakness to this theory.

1.2.3   Theory of Double Entry Bookkeeping

According to Lee, Bishop, & Parker (2014), there was a need to improve on the bookkeeping system, which was being practiced at the time- single entry, bookkeeping. This led to the development of the double entry bookkeeping system by Luca Pacioli, who was an Italian Monk. The concept of the Double Entry Bookkeeping system is based on the principle that every economic transaction has two effects which are exactly opposite to each other. Any transaction can have only two effects: debit and credit, and they are always equal. As a result, at the end of the accounting period, the accounts should tally, meaning thereby that both total debits and total credits should tally with each other. Double entry bookkeeping is designed in such a way that while entering the credit entry of a particular transaction, the details of the corresponding debit is also given.

To measure the influence of bookkeeping on the survival of very small businesses, it is important to pay attention on the respect of the double entry theory which assures that all transactions have been duly recorded.

II.   METHODS

This research is qualitative and quantitative. The qualitative data was organized in themes and arranged according to the objectives of the study. They were then analyzed using descriptive statistics.

Data were collected through the administration of self-structured questionnaire. The study was carried out in Kumba, a city in the Southwest region of Cameroon. Because many small businesses operate in the informal sector, their exact number is not known. We use a purposive sampling technique to select 150 respondents ranging from wholesale shops, services, retail shops and small scale producers as you can notice on the following table:

Table.1: presentation of the sample

Type of business	Number of people
Whole sale	25
Retail shops	75
Small scale producers	15
Service rendering	35
Total	150

Source: By the Researcher.

Out of the 150 selected, 100 effectively took part in the operation. Questionnaires were administered using pidgin, a local language well-spoken in Cameroon. The descriptive statistics (tables and percentages) and regression analytical tools were used in analyzing the data collected for the study.

After the collection of data, they were edited and coded to ease the analysis. The editing was carried out to ensure that the data obtained from respondents was accurate, reliable and consistent. After the coding, the analysis was done through descriptive and inferential statistics. This was chosen or considered most appropriate because other researchers who carried out similar studies proceeded the same way to attain their objectives and to come up with the best results. Results were presented in tables. The interpretation was done in light of the research objectives and the literature review. The descriptive statistics used were tables and percentages. The inferential statistical tool (Chi-square) was used to test the hypothesis formulated. More so, data analysis was done with guidance of a statistician using the Microsoft excel computer application software.

The formula for chi-square used was:

$$X2 = \Sigma \frac{(Oi - \boxed{3,2})}{Ei} \quad \ldots\ldots\ldots \text{Where } i=1, \; Oi =$$

observed frequency,

Ei= expected frequency.

The degree of freedom= (r-1) (k-1). Where r = no of rows, K =no of columns, Expected frequency (Ei) =ΣOi/N and it is a constant value   where N = Number of list for required items.

III. RESULTS

3.1 Presentation of Results

Worth noting is that out of the 150 questionnaires that were distributed, 100 were returned.

3.1.1 Analysis of the Characteristics of Respondents

The data analyzed here were extracted from the first section (section A) of the questionnaires administered. It corresponds to background information of respondents as follows:

Table.2: age of respondents

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Age	18 - 30	64	64
	Above 35	36	36
TOTAL		**100**	**100**

Source: Primary data

From table 2, we can deduct that 64% of small businesses in Kumba are owned by people whose age range s from 18 to 30 years against 36% for people above 30.

Table 3: gender of respondents

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Gender of Respondents	Male	45	45
	Female	55	55
TOTAL		**100**	**100**

Source: Primary data

45% of small businesses are owned by men against 55% by women. We can deduct that women dominate small businesses in the Kumba municipality.

Table 4: types of small businesses operated

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Types of small businesses operated	Whole sale	18	18
	Retail shops	48	48
	Producers	10	10
	services	24	24
TOTAL		**100**	**100**

Source: Primary Data

From table 4, we can note that the majority of very small businesses in Kumba are retail shops represented by 48%, followed by services businesses, 24%, wholesale businesses, 18% and small producers, 10%.

3.1.2 Adequate Bookkeeping

The data analyzed here are from section B of the questionnaires distributed. The questions were aimed at examining the objectives of bookkeeping by very small businesses; identify the types of books (records) kept and the basic features of adequate records.

Table.5: number of small businesses recording accounting transactions

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Recording of Transactions in Small Businesses	Yes	91	91
	No	9	9
TOTAL		**100**	**100**

Source: Primary Data

From table 5, we can deduct that 91% of small businesses record their accounting transactions against 9% which do not.

Table.6: types of books kept by small businesses

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE %
Books Kept by very Small Businesses	Sales book only	38	38
	Purchase book only	3	3
	Expenditure /Cash book only	4	4
	Asset register only	4	4
	Sales and cash books	10	10
	Sales and purchases books	8	8
	Sales, cash and Purchase books	13	13
	Sales, cash, purchases and asset register	6	6
	Others	5	5
	None	9	9
TOTAL		100	100

Source: Primary Data,

The books generally required by law to be kept by small businesses include: expenditure / cash book, sales books, asset register and purchase books. Out of these books: only 6% of very small businesses keep these four books. 9% do not keep any of the books or any records while 5% keep other records not amongst this list usually on papers. A majority of them that is, 38% keep only the sales books, 3% keep only the purchase book, 4% keep only the expenditure / cash book and 4% keep only the asset register. 8% keep sales and purchase books and 10% keep sales and cash books. Furthermore, those who keep Sales, cash and Purchase books represent 13% against 6% for those who keep Sales, cash, purchases and asset register. This analysis indicates that, majority of very small businesses that keep the sales book (only 38%) are more interested in their sales.

Table.7: importance of bookkeeping in decision making in small businesses

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Record keeping is essential for decision making and business adjustments	Agree	28	28
	Strongly Agree	54	54
	Disagree	2	2
	Strongly Disagree	16	16
TOTAL		100	100

Source: Primary Data

From table 7 above, it is clear that 54% of very small businesses owners in Kumba strongly agreed that they used their records in making decision and adjustments as regards their business transactions. Those who simply agreed to this point represented 28%. Hence, 82% of these businesses used their records in decision-making. However, opposed to this point were 16% very small business operators who strongly disagreed to the point in addition to the 2% who equally simply disagreed, given only 18%.

Table.8: importance of record keeping on business performance

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Records reduce operating costs, improves efficiency and productivity	Agree	35	35
	Strongly Agree	38	38
	Disagree	7	7
	Strongly Disagree	20	20
TOTAL		100	100

Source: Primary Data

Out of the small business operators who recorded their business transactions, 38% of them strongly agreed and 35% only agreed giving a total of 73% who affirmed that keeping records helped them in reducing operating costs and boosting efficiency and productivity. This is contrary to the view point of 20% of very small businesses that strongly disagreed and the 7% who simply disagreed given a total of 27% who did not see the benefits of record keeping in this light.

Table.9: bookkeeping and business success

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Keeping records increase the chances of business succeeding	Agree	34	34
	Strongly Agree	49	49
	Disagree	3	3
	Strongly Disagree	14	14
TOTAL		**100**	**100**

Source: Primary Data

Out of the small business operators who recorded their business transactions, 49% of them strongly agreed and 34% only agreed giving a total of 73% who affirmed that keeping records increased the chances of their businesses achieving success. This was contrary to the view point of 14% of very small businesses that strongly disagreed and the 3% who simply disagreed given a total of 17% who did not see the benefits of record keeping in this light.

Table.10: bookkeeping and business survival

DESCRIPTION	VARIABLE LABEL	FREQUENCY	PERCENTAGE (%)
Business is surviving as a result of keeping adequate records	Agree	45	45
	Strongly Agree	40	40
	Disagree	10	10
	Strongly Disagree	5	5
TOTAL		**100**	**100**

Source: Primary Data

Statistics from the above table showed that 40% of very small business operators strongly agreed that they were surviving and experiencing business growth as a result of keeping adequate business records. The majority of the other very small business operators who equally agreed representing 45% equally shared this opinion. Hence, 85% affirmed that they were surviving in growth because of keeping adequate business records. For the other businesses, only 5% strongly opposed this point while 10% simply disagreed. So in all, very small business operators who totally did not share this view point represented only 15%.

Going by this results, one could say that adequate bookkeeping influences business survival. To confirm this important point, there was a need to further analyze this last question which had a direct link with the hypothesis of this study. In doing this, the chi square was used as shown below.

3.1.3   Empirical analysis

The following table summarizes the relationship between record keeping and business survival.

Table.11: record keeping and business survival

Variable Label	Observed	Expected
Agree	45	25
Strongly Agree	40	25
Disagree	10	25
Strongly Disagree	5	25
Total	**100**	

Source: Primary data.

In testing the hypothesis of this study to draw conclusion based on the above data collected as presented on table 11 above, the chi-square described in chapter three was used. The chi – square (X^2), goodness of fit test, is calculated thus:

$$X^2 = \frac{\Sigma (O_i - E_i)^2}{E_i}$$

Where: O_i = observed frequency = 100,

E_i = Expected frequency = **Σ100/4 = 25**

Null: Inadequate bookkeeping does not have any significant effect on the growth and survival of very small businesses.

Alternate: Inadequate bookkeeping have a significant effect on the growth and survival of very small businesses.

The value of **χ2 calculated is 50.** To increase the level of confidence of our results, we will use a 5% level of significance (so as to have 95% confidence). The critical value of the chi – square at 3(4 - 1) degrees of freedom (d.f) i.e. (χ20.05,3) is **9.35**. χ2 calculated (50) is **more than** χ20.05, 3d.f, which is (9.35). The decision rule states that reject Ho if table value is less than the calculated and vice versa. That is, the **decision rule** on the chi – square is that:

- When χ2 calculated > the critical value of χ2 at n-1 d.f => we reject H0.
- When χ2 calculated < the critical value of χ2 at n-1 d.f => we accept H0

In this study, the value of X^2 computed is more than the critical value giving rise to the acceptance of the alternate hypothesis. In this case, it means that the null (Ho) hypothesis is rejected and the alternate hypothesis accepted**. In conclusion,** inadequate bookkeeping has a significant effect on the survival of very small businesses.

IV.   DISCUSSION OF RESULTS

This section presents a brief discussion of the results obtained from all the aboveanalyses. It also provides details of the findings as to whether it either agrees ordisagrees with theory or if it is in line with the results of other researchers.

4.1 Record Keeping and the Various Types of Records Kept

On a study carried out on Accounting practices and control systems of small and medium size entities: A case study of Techiman municipality,(Ntim, Evans, & Anthony(2014), the study found out that most SMEs maintained records and most of them maintained the fixedasset register than all other books of original entry. In the same line, 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 (Ademola, James, & Olore, 2012), it was found out from the data analysis that majority of the 150 respondents did not keep business records.

However, contrary to these were: A study on the Relevance of Accounting Records in Small Scale Business: The Nigerian Experience (Ezejiofor & Olise, 2014), Awka, Nigeria. The finding drawn was that Small scale businesses kept proper accounting records of their activities. Similarly, the study carried out on Record Keeping and Growth of Micro and Small Enterprises, A Case Study of Thika Municipality in Kenya, (Muchira, 2012), which showed that a majority of the businesses kept records. Also, out of the required books that were being kept by these businesses, the sales day (receipt) book ranked highest with 63%. The lowest type of book kept was the Asset register.This too, was in line with

another study that was carried out on the Effect of Bookkeeping on the Growth of Small and Medium Enterprises in Chuka Town (Mutua, 2015). The findings showed that only 52.7% of the respondents kept financial records.These findings ties with the study carried out on the Effects of Bookkeeping on the Growth of Small and Medium Business Enterprises in Kabarnet Town, Baringo County, Kenya (Chelimo & Sopia, 2014). The study established that 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. It equally established that the sales book was the highest book kept (60%). Also, most of the SMEs recorded their transactions manually.

In this study, a majority (91%) of very small businesses keep records. Most of them keep only the sales book represented by 38% and the least book kept is the asset register represented by 4% and most recorded their transactions manually.

4.2 Bookkeeping and Business survival

According to the study carried out on the Relevance of Accounting Records in Small Scale Businesses by Ezejiofor & Olise (2014) in Awka, Nigeria, accounting records keeping contributes significantly to the performance of small-scale business. It revealed that if proper records are kept, they would facilitate efficient, proper timely decision-making and enhance the survival of very small business.

Furthermore, according to Ajao, Oyeyemi, &Moses(2016), in his findings related to bookkeeping and the growth of small businesses in Nigeria, the achievement of the firm's objectives is greatly influenced by the application of accounting records. He concluded that accounting records has contributed immensely to the unprecedented rate in the growth of small businesses. In the same light, another study on the Effects of Bookkeeping on the Growth of Small and Medium Business Enterprises in Kabarnet Town, Baringo County, Kenya,(Chelimo & Sopia, 2014), the study established that there is a direct relationship between bookkeeping, growth, survival and profitability of SMEs. If properly maintained, bookkeeping could lead to increased profitability and expansions of SMEs in Kabarnet Town.

The above results of the different researchers on bookkeeping and the survival of businesses are in line with the results obtained in this study. From the data analyzed, it was found that bookkeeping helps very small businesses to survive. In other words, inadequate bookkeeping has a significant effect on the survival of very small businesses.

V.   CONCLUSION

5.1 Summary of Findings

An in depth analysis of the data collected on the background information revealed that most very small businesses are managed by those within the age group of 18 – 25 years with most of them female.

Specific objective one was aimed at verifying the extent to which small businesses in the Kumba municipality keep records, then identifying the types of books (records) kept and the recording system used and how it is used. In terms of transaction recording, most small businesses record the transactions of their businesses. Many have only the sales book and they record their transactions daily. Concerning the system of recording, most of them use the single entry bookkeeping system that they fill manually.

Specific objective two was to examine the effect of bookkeeping on the survival of very small businesses in the Kumba Municipality. The findings revealed that most of these small businesses find it very beneficial to keep records: bookkeeping facilitates decision making, it enables to take corrective actions and to improve the performance of the organization by better controlling costs. In sum, they recognize the role of bookkeeping on the survival of their businesses.

Findings concerning the hypothesis of this study, that is, whether or not inadequate bookkeeping has a significant effect on the survival of small businesses. Findings revealed that bookkeeping has a significant effect on the survival of small businesses. This point is confirmed by the result obtained from testing the hypothesis using the chi square test. The value computed was more than the critical chi square value giving rise to the acceptance of the alternate hypothesis. This was in line with the decision rule of chi -square which states that if the computed chi-square value is more than the critical value, reject the null and vice versa.

5.2 Conclusion

Managers of small businesses must keep accurate, meaningful, and timely information if they are to make good decisions. This is particularly true concerning financial information about a firm's operations. In this light, the main purpose of the study was to find out the role of book keeping on the growth of very small businesses in the Kumba municipality. It was divided into three major sections with the first being the general introduction to this research, the second section reviewed literature in terms of empirical literature and theories. The third was methodology, results and discussion.

In all, the study established that bookkeeping is available among these small businesses in the Kumba municipality with majority of the traders employing single entry bookkeeping system and recording done manually. The type of records maintained by many very small business traders are the sales records and the least being the asset register. The study has also established that adequate bookkeeping contributes to the survival of very small businesses. If properly maintained, bookkeeping could lead to increased profitability and expansions of very small businesses in the Kumba Municipality. Experience suggests that inadequacy of the accounting system is a primary factor in small business failures. Therefore, Small business organization should keep the necessary records on daily, weekly or monthly basis (as the case may be) in order to survive.

5.3 Recommendations.

Small businesses should record all their transactions in the various subsidiary books (Especially the cash, sales and purchase books). This is to ensure that complete and accurate business records are kept as they are essential for decision-making. This can be ensured by hiring knowledgeable and skilled workers.

Employment. It is also recommended that owners of very small businesses should employ accounts clerk, (if they can afford it) or sales clerks who have knowledge of book keeping.

More Accounting consultancy firms that provide bookkeeping advisory services should be opened up throughout the country. This is to facilitate better bookkeeping amongst very small businesses.

Constant checks and follow up should be done in the business transactions and records. By so doing, there is the better chance to determine areas of improvements and growth for the business.

Further educational training should be done by the operators of small businesses. This is to acquire more knowledge, which will help improve business skills and bookkeeping practices in small businesses. This is through introduction of seminars, workshops and training sessions where such knowledge can be acquired. Universities and colleges should also offer more courses related to bookkeeping apart from the general business courses.

5.4 Suggestions for Further Research

Further research may lay emphasis on the following areas of study:

Factors affecting the success of bookkeeping in very small businesses.

Skill required by the operators of very small businesses. That is whether they qualify or not.

Constraints to the growth of very small business which include financing.

VI. ACKNOWLEDGEMENTS

REFERENCES

[1] Abanis, Turyahebwa, A. Sunday, A. Burani, and B. Eliabu, (2013), Financial Management Practices In Small And Medium Enterprises in Selected Districts In Western Uganda., *Financial Management* 4.

[2] Adejare, Adegbite Tajudeen, (2014), the analysis of the impact of accounting records keeping on the performance of the small scale enterprises, *International Journal of Academic Research in Business and Social Sciences* 4, 1.

[3] Agbemava, Edinam, Godwin Ahiase, Edward Sedzro, Thomas Clarkson Adade, Albert K. Bediako, Israel Kofi Nyarko, and Matthew Brains Kudo, (2016), assessing the effects of sound financial statement preparation on the growth of small and medium-scale enterprises, *The International Journal of Business & Management* 4, 104.

[4] Ajao, Owolabi Sunday, Ogundajo Grace Oyeyemi, and Olayinka Ifayemi Moses, (2016) Bookkeeping and sustainability of small scale businesses in Nigeria: An assessment of Agbara Local Government Area, Ogun State.

[5] Amoako, Gilbert Kwabena, (2013), Accounting practices of SMEs: A case study of Kumasi Metropolis in Ghana, *International Journal of Business and Management* 8, 73.

[6] Anon., Bookkeeping_and_sustainability_of_small.pdf.

[7] Benjamin, Nancy, Ahmadou Aly Mbaye, and Ibrahima Thione Diop, (2012), *the Informal Sector in Francophone Africa: Firm Size, Productivity, and Institutions* (World Bank Publications).

[8] Bowen, Michael, Makarius Morara, and M. Mureithi, (2009), Management of business challenges among small and micro enterprises in Nairobi-Kenya, *KCA journal of business management* 2.

[9] Bruhn, Miriam, Dean Karlan, and Antoinette Schoar, (2010), what capital is missing in developing countries? *American Economic Review* 100, 629–33.

[10] Chelimo, Joseph Kurwo, and Isaac Ole Sopia, (2014), Effects of Bookkeeping on Growth of Small and Medium Business Enterprises in Kabarnet Town, Baringo County, Kenya, *International Journal of Science and Research* 3, 432–437.

[11] Edvardsson, Ingi Runar, and Susanne Durst, (2013), the benefits of knowledge management in small and medium-sized enterprises, *Procedia-social and behavioral sciences* 81, 351–354.

[12] Gronum, Sarel, Martie-Louise Verreynne, and Tim Kastelle, (2012), The role of networks in small and medium-sized enterprise innovation and firm performance, *Journal of Small Business Management* 50, 257–282.

[13] Kheni, Nongiba A., (2008), Impact of health and safety management on safety performance of small and medium-sized construction businesses in Ghana, (\copyright Nongiba Alkanam Kheni).

[14] Kinda, Tidiane, and Josef L. Loening, (2010), Small enterprise growth and the rural investment climate: Evidence from Tanzania, *African Development Review* 22, 173–207.

[15] Mbroh, John Kwaning, and E. B. Attom, (2011), Accounting and control systems practiced by small and micro enterprise owners within the Cape Coast Metropolitan area of Ghana, *Asian journal of business and management sciences* 1, 28–47.

[16] Mureithi, Immaculate Wangui, (2015), Factors influencing Growth of Small Micro-Enterprises in Ngurubani Town, Kirinyaga County Kenya.

[17] Musah, Alhassan, and Muazu Ibrahim, (2014), Record keeping and the bottom line: Exploring the relationship between record keeping and business performance among small and medium enterprises (SMEs) in the Tamale Metropolis of Ghana, *Research Journal of Finance and Accounting* 5, 2222–1697.

[18] Mutua, JOHN MUTISYA, (2015), Effect of bookkeeping on the growth of small and medium enterprises in Chuka Town, *European Journal of Business and Social Sciences* 4, 102–112.

[19] Ntayi, Joseph Mpeera, Sarah Eyaa, and Freddie Semukono, (2012), Perceived enforcement of informal buyer-supplier contractual arrangements in Ugandan Small and Medium Enterprises (SMEs), *Global Journal of Management and Business Research* 12.

[20] Ntim, Adjei Luther, Oteng Evans, and Fianu Anthony, (2014), Accounting practices and control systems of small and medium size entities: A case

study of Techiman municipality, *Journal of Finance and Accounting* 2, 30–40.

[21] Williams, Sarah, and Anja Schaefer, (2013), Small and medium-sized enterprises and sustainability: Managers' values and engagement with environmental and climate change issues, *Business Strategy and the Environment* 22, 173–186.

[22] Wilson, Christopher DH, Ian David Williams, and Simon Kemp, (2012), an evaluation of the impact and effectiveness of environmental legislation in small and medium-sized enterprises: Experiences from the UK, *Business Strategy and the Environment* 21, 141–156.