

**A COMPARATIVE ANALYSIS OF THE ACCOUNTING PRACTICES OF MICRO-
BUSINESSES IN WINDHOEK: A CASE STUDY OF MICRO-BUSINESSES IN
INCUBATORS AND THOSE OUTSIDE THE INCUBATORS**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT
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ABSTRACT

The micro-business sector in Namibia plays a major role towards job creation. Micro-businesses in Namibia contribute about 14% to the Gross Domestic Product (GDP) and also employ a significant number of youth. Though small in size, they impact the social lives of citizens and enhance national development. The study focused on comparing and analysing the bookkeeping and accounting practices inside and outside the Bokamoso Incubation Centre in Windhoek. The data collection instruments used were self-administered and key informant questionnaires. Quantitative data collected was analysed through One-Way Anova and qualitative data was analysed through the Creswell Model (2009). A mixed research methodology was applied to carry out the study. From the results of the study, it was evident that, if the sector is to grow, much needs to be done about the bookkeeping and accounting practices by micro-business enterprises. On the basis of the research findings and a comparison of information gained through the review of related literature, the major gaps identified were a lack of accounting skills and proper record keeping, as well as an inability to maintain bank accounts.

Recommendations were made with the view of assisting the micro-business sector in Namibia. The major recommendations focus on the training of the owners/managers and staff members to equip them with adequate knowledge and skills. Hiring of competent consultants was viewed as critical to the micro-business enterprises as it was deemed to encourage organisations to have well-prepared financial statements and to gain advice derived from well-experienced business experts. As part of the recommendations, all cash received should be banked in order for micro-businesses to account properly for their cash operations. The growth of the sector was determined by financial discipline and accountability which was highly recommended in the study.

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DECLARATIONS

I, Paulina Honey Rejoice Nepaya, hereby declare that this study is a true reflection of my own research, and that this work, or part thereof, has not been submitted for a degree in any other institution of higher education.

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Paulina Honey Rejoice Nepaya

Date

CHAPTER 1: INTRODUCTION

1.1 Orientation of the proposed study

The small business sector, under which micro-enterprises fall, is vital to any economy. Small businesses in Ghana accounts for half of its gross domestic product (GDP), and employ half of the private work force (Amaoko, Marfo, Gyabaah & Gyamfi, 2014). Their importance to production and job creation makes their sustenance, success and growth fundamental to economic growth (Mutanda, Myers & De Beer, 2014).

The high rate of unemployment in Namibia can be tackled by the growing micro-business enterprises because of their low risks which require low start-up costs. Micro-businesses, if well managed, can exploit untapped knowledge and creativity for new product development in the population. Amaoko (2013, p. 73) claims that “the contribution of micro-enterprises to the economic development of most developing countries is overwhelming since it contributes to the government revenue generation through payment of income tax, as well as providing income in terms of profit, dividends, and wages to households”. Namibia, as a developing country with a wide gap between the rich and poor, and is not an exception to this phenomenon.

Relatively, most micro-enterprises in Namibia are not registered as corporate bodies but as sole proprietorships or close corporations, due to convenience with regard to registration, which is very simple when compared to other forms of business registration. Their number has outnumbered all the other forms of businesses found almost everywhere in terms of registration. Previous studies have also shown that it is hard for micro-enterprises to access finance from financial institutions, since they lack the required, proper financial records, (Amaoko, et.al, 2013). For such reason, micro-enterprises do not succeed in attracting financial institutions to finance their operations

because financial institutions rely on financial information before making the final decision to invest or not in a given business. For example, banks will need to know whether the micro-enterprises seeking financial assistance will be able to pay back the borrowed amount plus interest, before granting the facility (Amaoko, et al., 2013). It is, however, recommended that micro-enterprises should keep proper and accurate records of their business dealings (Ntim, Evans & Anthony, 2014). This thesis, therefore, aimed to provide evidence of the current accounting practices of micro-enterprises operating within and those outside incubators in Windhoek, Namibia.

An accounting system produces financial information which relates to the respective financial transactions and standing of the business at any given time. Smirat (2013, p.170) states that “the accounting financial flows entails accounts of income and expenses of the business and guides the intelligence and operations thereof to allow for the growth of the business”. The major financial elements of any micro-business are elements, such as property owned by the business, money received or money spent.

In order for a micro-enterprise to be successful, it must make use of a system of accounting which will enable it to determine the volume of sale, as well as profits or losses, assets and liabilities at all times. It is for such reasons that the research conducted was to determine the problems, challenges and prospects of micro-enterprises maintaining accurate and adequate accounting records and evaluating them in order to offer possible solutions. The main focus was to make a comparative analysis between those that were housed within the business incubators and those in open business avenues (considered to be stand-alone businesses outside the incubators).

To date, limited research has been conducted regarding the accounting practices in use within micro-enterprises in Namibia. This thesis, therefore, attempted to fill the gap

and contribute to the growing literature on the accounting practices of micro-businesses.

1.2 Statement of the problem

Maintaining proper bookkeeping of accounts and sound accounting practices are vital in ensuring proper financial management and the success of a business, as the information produced by the accounting system is used by management to make informed decisions on business operations for growth purposes. However, micro-businesses do not maintain accurate or adequate records, and this leads to poor decision-making abilities. Many of the micro-businesses struggle to survive due to lack of proper record-keeping, among others (Amoako, 2013). Micro-businesses do not pay the required attention to bookkeeping in relation to their business transactions, despite its importance for the success of the business. This could be as a result of a lack of sound knowledge in bookkeeping practices. The assumption is that micro-business owners lack the understanding of bookkeeping and thus make financial decisions based on assumptions.

Micro enterprises are not familiar with the double entry bookkeeping system and that makes it difficult for them to account for their daily transactions. It is a challenge for the micro enterprise sector to generate and use accounting information effectively. Lack of proper accounting record keeping is a serious challenge to the micro business sector. Accounting controls that depict the usage of cash received, cash used for purchases and other expenditure as well as budgetary control measures are issues that are not addressed by the micro business owner/managers. The above mentioned problems and many others are the main reasons that have caused the researcher to carry out this study in order to find out what is happening in the micro business sector, to

bring out recommendations which might help to resolve the current micro business sector problems.

1.3 Objectives of the study

The main reason for embarking on this study was to investigate the knowledge that micro-enterprises in Windhoek had about accounting records and how it could be useful in decision-making for growth purposes. The objectives of the study were to:

1. Identify what accounting practices were commonly used by micro-business enterprises;
2. Compare the accounting practices of micro-enterprises operating inside incubators and those operating from outside;
3. To provide suggestions on how to improve the accounting practices of micro-enterprises.

1.4 Significance of the study

The study is the first of its kind to be conducted in Windhoek as it focused on micro-enterprises inside and outside the incubators. The study is significant in the sense that:

- (i) It will raise awareness among micro-enterprises to understand the importance of record keeping for micro-enterprises;
- (ii) it will assist the micro-enterprises to improve in their ways of keeping and applying accounting records when making financial decisions for the business;
- (iii) it will contribute to existing literature on accounting, record practices of micro-enterprises in Namibia.

1.5 Limitations of the study

This study mainly focused on the micro-enterprises in Windhoek. It was not feasible to extend the study to non-micro-enterprises outside Windhoek. Hence, despite the large number of micro-businesses in Windhoek, the study was limited to those in the Katutura area. Only traders that were willing to participate in the study were interviewed. The time allocated to the completion of the thesis was also limited, and thus the study could not be extended to a wider sample in terms of geographic, as well as business, avenues.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter focused on the review of related literature on studies pertaining to the accounting practices of micro business sector in Windhoek. The study compared and analysed the accounting practices for the micro businesses inside the incubators and those outside the incubators.

2.1.1 Defining Micro Business

The poor performance of micro-businesses can be attributed to a host of factors; poor accounting record keeping cannot be over accentuated. Ogbokor and Ngeendepi (2012, p. 5) state that “micro-enterprises are considered to be essential to almost all economies arising in the world”. According to Mbonyane and Ladzani (2011, p. 3), a micro-enterprise refers to a very small business, often involving only the owner, some family member(s) and at the most one or two paid employees. These enterprises usually lack “formality” in terms of business licences, value-added tax (VAT) registration, formal business premises, operating permits and accounting procedures. Most of these enterprises have a limited capital base. The operators of micro-enterprises only have rudimentary technical or business skills. However, many micro-enterprise advance into viable, small businesses.

Ramsden (2010, pp. 2-3) states that “employee distinguishing is modest to verify and it will at most times remain a valid criteria”. Earlier studies on Namibia’s micro-enterprises found that the micro-sector was involved in a large number of activities, such as survival farming, crafts (woodwork, pottery, leatherworking and weaving), small-scale manufacturing (bread-making, tailoring, food catering and candle-

making), small-scale mining, small-scale construction (building, brick making, plumbing, welding, carpentry and electricity), informal services such as transport, repairing of cars, shoes and electric household appliances, in informal, urban markets, such as the Katutura Single Quarters. Micro-enterprises are also considered an opportunity to create jobs for the unemployed youth. Micro-enterprises are regarded as the major players in the agriculture sector where most people create opportunities for self-sustainability in terms of food security.

2.2 Concepts and principles of accounting

Small enterprises use different types of accounting systems that can either be internal or external to the business. Internal accounting mainly focuses on management accounting which deals with accounting procedures and recorded accounting information by the enterprise. It provides an economic basis for management or business owners to make informed decisions regarding business control functions. The assessment of the profitability of the different products or services, that an enterprise supplies, is internally compared to the revenue and cost generated by the business. The external accounting system is more focused on the processes of the preparation of financial statements for decision makers and other external entities, such as banks for loans, suppliers as key stakeholders, government and its agencies.

They normally base their accounting on internal accounting systems. In comparison to the European Union states, is it assumed that Namibia's micro-enterprises should be governed by IFRS and local GAAP, of which is not the case, because not all micro-enterprises are required by law to submit audited financial statement. The reason for this lack of regulation could be because of informal accounting systems that most businesses condone in Namibia.

In relation to an accounting framework, Maseko and Manyani (2011, p. 172) state that “profit can analogously be viewed as the life-blood of a business and hence the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement”. It is for such reasons that the concepts and principles of accounting should form the framework for preparing and presenting the financial statements of a micro-enterprise. It is advisable that each enterprise should decide which principles to consider as more important and applicable to its business setting.

There is need to study this micro business sector since the profit aspect is not looked at due to lack of proper record keeping by the micro business sector. Many of the micro businesses have gone bankrupt due to lack of accounting information and this is a gap that the study intends to fill.

2.3 Bookkeeping methods

Rahamon and Adejare (2014, p. 6) state that “bookkeeping is the recording of business transactions that have taken place in a regular and arranged manner”. At the same time, accounting is the sorting and understanding of the transactions for management to make informed decisions. Micro-enterprises require accounting skills in order to understand the recording of transaction in appropriate books of accounting. Ademola, Olukotun, James and Olore (2012, p. 58) state that “bookkeeping is usually performed by a bookkeeper and that bookkeeping should not be confused with accounting”. The accounting process that leads to the realisation of financial statements is actually performed by an accountant. The accountant creates reports from the financial transactions recorded by the bookkeeper. The two types of bookkeeping methods that are mostly used by micro-enterprises are the single and double entry systems, and any process that involves the recording of financial transactions is a bookkeeping process.

2.3.1 Single entry bookkeeping system

Rahamon and Adejare (2014, p. 6) regard a single entry system as an “informal bookkeeping system where the user only happens to record one transaction”. This includes a daily summary of cash receipts and a monthly record of receipts. A cheque book is one of the single entry bookkeeping systems, where one entry is made for each deposit or cheque written. In a single entry system, receipts are entered and recorded as a deposit and a source of revenue, while cheques and withdrawals are recorded as expenses. It is expected that all micro-enterprises record their business transactions in either of the journals. It records the cash inflow and outflow of the micro-enterprise. The cash receipts of all the cash received are recorded in the journals. The revenue and expense journal is captured in single-entry bookkeeping which is only used for income and expense accounts. Petty cash, accounts payables, as well as all other relevant transactions such as inventory and travel expenses, are meant to be kept in separate account records. However, the European Commission (2008, p.22) argues that “in some cases a single-entry bookkeeping is justified when the enterprise is a micro and the transactions are not that many or complex”.

According to Kurniawati and Hermawan (2010, p. 3), “small-scale businesses use a single book arrangement where only important notes have full records in logbooks and subsidiary books”. They further state that “the transactions are recorded in logbooks which contain cash receipts, cash disbursements, sales ledger, buying ledger, and memorial ledger and those recorded in the subsidiary books pertain to receivables, payables and inventory”. Wood and Sangster (2011, p. 423) concur by amplifying that “many informal businesses can have all the information they want by merely keeping a cash book and having some form of record, not necessarily in double entry form, of their debtors and creditors”. As a result, all figures must be calculated, extrapolated or

extracted in the case of creditors and debtors. In order to arrive at the year-end profit and loss account, the balance sheet will rely heavily on the application of the concept of the accounting equation which is: $\text{Assets} = \text{Owner's Equity} + \text{liabilities}$. Thus the value of capital can be determined at any point in time.

The use of incomplete records by the owner/managers of micro businesses is not adequate enough to provide a complete and accurate picture of the end-of-period, financial statements because use of incomplete records cannot tell a complete story. Records of outstanding debtors and creditors, or of stocks available during the trading period as well as an account of the receipts and payments of the enterprise. This is one of the gaps that this study aims to close.

2.3.2 Double-entry bookkeeping system

Wood, Coy and Townsley (2011, pp. 16-20) claim that “the double entry accounting system records financial transactions which are mainly in relation to assets, liabilities, income and expenses thorough the accounting entries”. In a double entry, every transaction affects two items. If we want to show the effect of every transaction when we are doing our bookkeeping, we will have to show the effect of the bookkeeping transaction on each of the two items. For each transaction this means that a bookkeeping entry will have to be made to show an increase or a decrease of that item and another entry to show the increase and decrease of the other item. The double entry bookkeeping system ensures that all financial transactions have equal and opposite effects in two different accounts. This will inform the micro-enterprise owner of the financial position of the company and likewise the total inventory available. According to Abdul-Rahamon and Adejare (2014. P. 7), “recording a transaction requires recording what is given up and what is received, recording a transaction requires the

noting of two changes every time a change in property occurs and an entry is made in the record system, hence the terminology ‘double entry system’”. Most significantly, it is necessary to observe the relationship between the left side and the right side of entries which creates an interim check of the accuracy of recording work at any time during the process.

2.3.3 Book of original entry

According to Ademola, et al. (2012), “a business must keep several daybooks, which should contain a descriptive and chronological (diary-like) record of day-to-day accounting transactions, also called a book of original entry. The details of a daybooks must be formally entered into journals to allow for posting to ledgers”. Micro-business transactions can be captured in the following daybooks: firstly, a sales daybook for recording all sales invoices; secondly, a sales credits daybook for recording all sales credit notes; thirdly, a purchases daybook for recording all purchase invoices; fourthly, purchases credits daybook for recording all purchase credit notes and, finally, a cash daybook, usually known as the cash book, for recording all money received and money used. It may be split into two daybooks: a receipts daybook for money received and a payments daybook for money paid out.

Micro-businesses may have to keep various types of accounting records. Ademola et al. (2012, p. 59) confirm that the records to be kept by any organisation include the following: “accounts receivable, accounts payable, accruals, inventory records, bank records, sales records, payroll records, personnel records, cash records and purchase records”.

Small and medium enterprises need to keep a record of their activities by using the above records. In countries, such as Zimbabwe, it is assumed that most informal

businesses do not keep proper accounting records; it appears that Namibia is not an exception because it is a growing economy. This study, therefore, underlines the need for business owners/managers of these micro-business enterprises to keep proper accounting records by employing double entry bookkeeping. This will aid micro-businesses to ascertain at any time what property they own, amounts their businesses owe and to whom, profits made or losses sustained for any given period, and the manner in which the profit and loss have come about.

Okwena, Okioma and Onsongo (2011, p. 2) justify this argument by stating that “if no records are kept, it will be difficult to find accurate net profit”. This will mean that tax authorities may overestimate the profits and thus the trader will suffer for not having kept business records. On the same argument, Williams, Susan, Haila, et al. (2008, p. 37) give more importance to record keeping by micro-enterprises, as “in the absence of proper business records, the trader will find it difficult to submit the true position to the court in case he becomes insolvent. Keeping of proper records helps the trader in framing future business plans and policies. Also it will be difficult to ascertain and fix the price of the business if it is to be sold or disposed of if no records are kept”. It is important to conclude that in spite of the bet memory that most business personalities possess, it is beyond the capacity of a business person to remember all transactions and dealings for reference purposes, and thus the study advocates for the full use of accounting record practices by micro-businesses and all other large businesses.

In most cases, micro-businesses prefer to focus on making and selling their products and services rather than keeping accounting books and records as this is not perceived as part of normal practice. Ademola, et al. (2012, p.59) give five reasons why it is important to keep proper accounting records. Firstly, “it helps to avoid business failure. Secondly, it is useful for accounting management planning and control. Thirdly, it

helps to make sound and useful decisions. Fourthly, it gives a good background picture which helps organizational change and finally it is important for business survival". The benefits of record keeping cannot be over emphasised and this implies that a business should keep records for as long as it exists and remains in operation, because the manner in which records are handled may make or break the company. Therefore, it has to be done orderly and in a smooth manner in order for the business to thrive. Ademola, et al. (2012, p. 68) highlight several demerits of informal records. "The lack of formal records means that the proprietor is unable to recognize when sales start slowing down, or costs start to rise unacceptably. At certain times corrective measures cannot be taken if there is no timely recognition of problems, which leads to poor unguided decision-making and ultimately bankruptcy. In this case, future planning is also not feasible because current performance is unknown". Mwangi (2011, p. 92) states that "the IFRS for SMEs were published by International Accounting Standards Board (IASB) in July 2009 providing an opportunity for small businesses to formalize their financial reporting processes, facilitate access to finance and loans, and benefit from long term savings in these less stringent IFRS reporting requirements. However, the challenges oppress the economy; will pose serious challenges in the micro-enterprise sector to be able to adopt the IFRS as some will not be able to meet the costs of training let alone implementing sound financial management systems for their businesses".

2.4 Importance of accounting record keeping for micro-enterprises

Abdul-Rahamon and Adejare (2014, p. 8) define accounting as "a tool for financial control which assists managers to know the financial positions of their business in order to bring improvement on the performance". It is also considered to be an

enabling tool for investors, banks, customers and suppliers when deciding on good standing in order to make an informed decision. It is evident that through the analysis of financial statements, the company can measure its performance and take the necessary steps to improve its performance. Business owners are interested in knowing how much profit the business makes in order to plan for the future and determine its life span. These financial results will assist the business leadership to obtain loans from the bank, a private individual or other financial institutions, should they so wish. Therefore, accounting bookkeeping should be practised by all organisations regardless of their size and despite the fact that micro-businesses normally practise basic accounting for their records. It is a legal requirement in Namibia for all organisations to account for all the profits or losses that they make over a period of time. One of the most important accounting practices when starting a business is to ensure accurate accounting records over a financial period. Despite the importance of having proper accounting records for developing countries to boost their economies, Betchoo (2015, p. 17) argues that “micro-enterprises in developing nations are less open to formal accounting methodology and thus in many countries the shortage of competent accounting staff is a significant weakness to economic development”. The non-possession of these fundamental, accounting skills by micro-enterprises constitutes a problem such that the chances of survival of the business are expected to be slender and the likelihood of failure/breakdown becomes high (Tagoe, Anuwa-Amarh & Nyarko, 2008, p. 158). Poor record keeping is also cited as one of the causes for start-up business failure. In most cases, this is found not only to be due to the low priority attached to it, but also to a lack of basic business management and skills (Padachi, 2012, p. 67).

Several researchers explored the reasons for keeping financial records and their relationship to the performance of the firms. Shahabi, Hosseipour and Soheila (2014, p. 288) describe the reasons for micro-enterprises preparing financial statements, and argue that micro-enterprises prefer assessing profitability for the purpose of tax returns as a second priority.

2.5 Challenges in use of accounting information by micro-enterprises

The micro-enterprise owner or manager is a crucial player in keeping the information of the business. As such, it is important for them to understand and become involved in the accounting figures produced (Senik, Said & Khalili, 2012, p. 172). In concurrence, Maseko and Manyani (2011, p. 178) add that “the better use of accounting information obviously takes place in situations where the SMEs have a certain level of accounting knowledge and technical qualifications, which does not tend to prevail in small companies. Lack of business knowledge could be the reason why most micro entities are not using accounting information to the maximum”.

Mutambanengwe (2012, p.40) states that “a critical weakness with the ‘informal’ setup of micro-business is the fact that they do not keep proper accounting records of their activities”. He further argues that “keeping accounts is seen as a waste of time, money and effort, and is also avoided as a means of ensuring that there is no track record of what the proprietor would have done, in the event that any government agency comes to visit. Bank accounts are also shunned for the same reason; with transactions occurring on a cash basis”.

According to Mutambanengwe (2012, p. 87), “the perception of owners/managers of small entities seem to be a major limiting factor in the use of accounting information.

Accounting skills are the totality of skills ranging from record keeping, attention directing, financial management and reporting skills that are expected to promote effective decision, performance evaluation and business reporting of any business enterprise. Although studies could not find record keeping skill as positive factor, financial management skill has been found to be contributory to business development” Akande (2011, p. 374) says that “attention directing skill enables the owner- manager to make vital decisions on production and pricing issues while reporting skill describes the method and technique by which business information are reported to the stakeholders of the business. Therefore, small business should start small but while starting small the aim of becoming big should not be jettison. Those important procedures that would be duly followed when the activities of such becomes big must be imbibed when the enterprise is operating as small enterprise”. For instance, Oladejo, (2008, p. 371) argues that “accounting skills and procedures are necessary for successful entrepreneurial and small business development in Nigeria. This is because the inability to install a proper accounting system would disallow business monitoring, reporting, and performance evaluation that are germane to the business survival. Small business has failed in the past for ignoring this vital measurement apparatus”.

2.6 Specific accounting practises and record keeping for micro-enterprises

Ntim, Evans and Anthony (2014, p. 33) state that “the changes that had occurred in the business environment had led to an increasing number of information which needs to be processed, produced and supplied”. Accounting as the process of recording transactions or information in a systematic orderly manner to measure the performance of a firm is an important tool for any business. Furthermore, inadequate record keeping is continuously associated with failure in small business even though it may not be the

direct cause which led to failure. Micro-businesses normally do not succeed if their finances are not properly recorded. Emphasis is put on the significance of keeping proper books of accounts by Amaoko (2013, p. 74), because it enables small businesses to have accurate information on which to base decisions. The study concludes that the lack of proper bookkeeping has led to the closure of some businesses, and this makes it a major issue for business success. Other studies assert that the high incidence of failure among micro-enterprises could be attributed to the poor accounting systems used by these enterprises. Smirat et al. (2013, p. 170) state that “poor record keeping is also a cause for start-up business failure in most cases, this is not only due to the low priority attached to it, but also to a lack of basic management and skills; thus, most of the business operators end up losing track of their daily transactions and find it difficult to account for their expenses and their profits at the end of operations. Accounting records are presumably the most effective decision making tools on which business owners or managers can base their strategic directions. Based on accounting information, micro-enterprises can, most of the time, plan for purchases and sales, determine the break-even point, and make a wide range of other financial analyses. A lack of proper accounting records has led to failure and makes it a significant problems for business success (Shahabi, Hosseinpour & Soheila, 2014, p. 286).

2.7 Accounting controls for micro-enterprises

Ntim, Evans and Anthony (2014, p. 33) define accounting controls as “the measures that relate to protection of assets and the liabilities of accounting and its financial reports”. Accounting controls are set up to implement or designed to ensure proper protection of resources against waste and fraud, accuracy and reliability in accounting data and conduct-proper evaluation of the performance of any business. According to

Mbroh and Attom (2011, p. 36), small, micro-business accounting controls will involve the “maintenance of adequate cash book (if possible with analysis), bank accounts (with policies on deposits and withdrawals), petty cash systems, irregular or regular preparations of bank reconciliation statements, credit policies with creditors for purchases and with customers on sales, stock keeping policy, fixed asset register and budgeting for the entire business”.

a) Accounting for inventory, labour, fixed assets and liabilities control

Ntim, et al. (2014, p. 33) claim that “stock is the integral and major component of the business working capital of which for retail business is very critical to control”. In the context of micro-business, this stock is a form of material bought to be processed for manufacture, finished goods for resale and the component parts to be used for assembling a complete system. The control of stock of micro-businesses should be their main key, depending on the type or nature and quantity of stock items. Mbroh and Attom (2011, p. 38) define human labour as, “effort engaged in production, service or business. It involves both the physical and mental efforts in the business and that they may be classified as either direct or indirect to a cost object”. This could mean that the nature of labour existence in the business may be permanent or temporary, as well as being either fulltime or casual. In most cases, accounting procedure would use a wage sheet, payroll or, better still, a wage book for all categories of employees in a specified job or department, their status, rates of pay and the exact labour cost for the entire business for any given period.

Fixed assets, such as land and buildings, plant, machinery furniture, fixtures and fittings, as well as motor vans, are some of the items that are included in the business inventory for the future, in order for the business to account properly for all its records.

The record keeping of these items are important, because they ascertain the entry costs or book values of assets and an estimation of their expected useful years so that their replacement could be planned for in line with the business's going concern.

Business liabilities, including short, medium and long term liabilities, are considered to be the obligations of any given business, and they exclude expenses outstanding at the end of a particular year. In order to ascertain the actual position of a firm's liabilities, it is expected that a liability register should be properly drawn up to ascertain how much liability is outstanding at every given time (Mbroh, & Attom, 2011, p. 38).

b) Cash control

Ntim, et al. (2014, p. 34) define cash as “the straightforward system needed to keep business running on an endless basis”. They further claim that cash is “the eventual output expected to be realized by selling the product of the firm”. For micro-enterprises, cash transactions constitute a major part of their business transactions because of the cliental involved. Therefore, it consequently requires the micro-business owners to exercise reasonable control over cash transactions so that cash is not misappropriated by employees and other third parties. A proper cash control system must be put in place to minimise the chances of requiring more cash loans and managing financial temptations.

c) Cost prediction of cash sales receipt practices by micro-businesses

In most cases, micro-businesses receive cash from their clients and, at times, they are not receipted. Ntim, et al. (2014, p. 34) stress that a “cash receipt for sale of goods and services may be reserved by online payments or mostly over the counter in the form of cheques or currency, thus, whatever the source, cash should be recorded

immediately on a receipt”. The common way of controlling cash and sales receipts is per cash register as sales tickets, and it is advisable that all cash sales and receipts should be banked at the end of the business day. Source documents of all cash transactions are critical and, therefore, they must be properly recorded and safely stored in any business. In the case of micro-businesses, accountants use these source documents to prepare the financial books which inform the financial accounts of the business. As the business grows, Mbroh and Attom (2011, p. 36) state that “cost predictions are normally done through budgets”. This mainly applies to big businesses. In addition, regardless of the profit level of the business, persistent cash shortages may result in its liquidation and the ultimate failure of the business. Therefore, cash control is essential for the survival and growth of any business. Previous studies observed that cash shortages would normally disrupt the business operations; on the contrary, excessive cash would simply remain idle without contributing anything towards the firm’s profitability.

d) Budgetary accounting control practices

Micro-businesses aspire to grow and, therefore, the dynamics of operations are expected to change as they grow in order to accommodate budgeting accounting; this simply entails financial planning that relates to an operation or an entity for an upcoming period. This then requires that all aspects of the business must be budgeted for. Even for micro-enterprises, budgets may also only relate to a division or an aspect of a business: cash, purchases, labour, and overheads, since these are direct costs to the business. Likewise, a cash budget which is also known as a cash forecast, is defined as a technique to plan for and control the uses of cash within the business. This is normally not the case with micro-enterprises. As an aid for micro-businesses to succeed, cash budgets can serve as an alert to the business owner or manager regarding

the future cash needs, and also to provide a standard or budget against which subsequent performance can be judged. It requires action that the business must take and can be derived from the cash flow cycle or a forecast for the purpose of growth (Mbroh, & Attom 2011, p. 37).

2.8 Payment control system practiced by micro-enterprises

If a micro-business plans to succeed, all business payments should be made according to a planned payments schedule or budget which lays out the priority transactions that sustain the business. In most cases, micro-business owners ignore this aspect by spending on none-core aspects of the business. If this is done, it is expected to match the timing of cash flows properly to avoid either excess payments on one side or cash crises (Mbroh, & Attom, 2011, p.37).

2.9 Credit purchases and credit sales by micro-enterprises

It is common practice in real life business that goods and services are either purchased or sold on a credit basis, but micro-businesses may not be able to sustain their operations based on this principle. If a micro-enterprise endeavors to pressure this approach, it must be handled carefully in order not to either over-stretch liberties with suppliers or import problems with bad debts, because it could lead to business closure. With a proper accounting track system in place, credit purchases will not be a problem, because one should be able to identify at any given time the dates, quantity, quality, price, value and suppliers involved, as well as suppliers' payment dates. It is factual that a credit purchases does not prevent liability and payment responsibilities by micro-business. In view of this, the necessary steps must be taken to ensure that the right form ordering to receipts or storage is maintained (Mbroh, & Attom, 2011, p.37).

2.10 Types of accounting books and records kept by micro-enterprises

The type of bookkeeping systems used by the micro-enterprises differ, depending on the kind of transaction that took place or which is to be recorded (Hendricks, 2009). Transactions differ from one another and likewise from enterprise to enterprise, since there are different types of books used. Micro-enterprises are expected to group their daily, financial records for all purchases, sales, receipts and payments in order for the bookkeeper to ensure that all transactions are recorded in either of the following daily books: suppliers' ledger, customs' ledger and general ledger. In order for micro-enterprise books to be successfully recorded, the bookkeeper must transfer all transactions into the trial balance stage to check for the accuracy of the transactions.

For micro-enterprises, cash books are used to record the cash received and payments issued to suppliers either by cheques or Electronic Fund Transfer (EFT) transactions; these modes of payment are mainly used by the micro-enterprises. The cash book can be split into two day books, namely the receipt day book for money received and the payments day book for money paid out. This operation is bound to take place on a daily basis for micro-businesses. They are also expected to manage their petty cash book which is a record of small cash payments, such as postage, office cleaning and travelling expenses, among others. In this case, the source documents used for all petty cash payments is the petty cash voucher. Not all sales transactions that micro-businesses transact are done through cash payments because the customer's base is not necessarily from the same social or economic class. Therefore, the business allows selected customers to buy on credit, which is then recorded as debits in its journal. They then use the debtors' journal for sales on credit, which takes place when goods are sold but the payment is only done at a later date. It is not common in all micro-businesses, but one cannot rule out the possibility of it being practiced in Namibia

because of socio-economic differences. It is also likely that it is practiced in a more informal manner because of trust and nature of the business set up.

Likewise, the micro-businesses will not always have cash to purchase goods required, and thus a creditor's journal is used to record credit purchases. This commonly takes place when the micro-enterprise purchases goods for resale and only pays for the goods at a later date. The source document used in the credit purchase is called an original purchase invoice. When goods and services are ordered either by telephone or in writing, it is necessary to make out an order. In most cases, micro-businesses in the third world are not in position to do this. The original order is sent to suppliers while the duplicate is filed for reference purposes.

2.11 Accounting record keeping procedures

In order for accountants and bookkeepers to carry out their functions successfully, they are expected to follow the record keeping cycle which entails a process of capturing raw financial records into output information to produce financial statements. This process is informed by various business transactions, which are then evaluated and the transactions are recorded in the journals by account name; thereafter, they post the information from the journals to the ledgers in order to formulate a trial balance. The overall object of the record keeping procedure is, firstly, to provide a thorough picture of accurate, operating results. Secondly, to divulge any fraud, theft waste and record keeping errors done by the employees for future correctional actions. Thirdly, to offer financial statements for use by management, bankers and potential creditors as a business strategy. Fourthly, to allow for fast, accurate and reliable access to records. Finally, to assist proper filing of tax returns and report to regulatory and tax collecting agencies in order to comply with national regulations.

According to Smirat (2013, p. 170), “better financial information means better control and higher chances of success”. Proper accounting information or records by micro-businesses will ease the accounting system or steps in order for the accountant to provide a more detailed financial statement of the enterprise. This information is presented in financial statements, such as the income statement and balance sheet. Accounting systems are responsible for analysing and monitoring the financial conditions of a business and for the preparations of documents necessary for tax purposes. Enthuses are made on the need for financial information for small and micro-business units to be in order because of the instability normally associated with their situation, such as unstable cash and profit positions, as well as the reliance on short-term borrowing (Amaoko, 2013, p. 74).

According Mwakujonga and Bwana (2013, p. 163), claims that “financial information are accounting and non-accounting information that are used for corporate governance”, and they define governance role of financial accounting information as the “use of externally reporting financial accounting data control mechanism”. Other uses of financial information include, and are not limited to, the performance based on pricing, information provided from financial statements and tools to measure the firm’s performance.

2.12 Financial reporting in micro-enterprises

Karunananda and Jayamaha (2011, p. 2) argue that “the financial reporting system is necessary to ensure that the SMEs’ resources are used effectively and efficiently in pursuit of its goals, hence the new standard for SMEs”. It is well-known that “in July 2009 the International Accounting Standards Board (IASB) published the International Finance Reporting Standard for Small and Medium sized Entities (IFRS for SMEs)”

for uniformity in practice and reporting financial information. The standards were clearly set out in order for the content of financial statements to comply with the set standards. The IASB stressed the importance of, firstly, a statement of comprehensive income; secondly, a statement of changes in equity showing either all changes in equity or changes in equity other than those arising from transactions with equity holders acting in their capacity as equity holders; thirdly, a statement of cash position; finally, notes, comprising a summary of significant accounting policies and other explanatory notes.

Small and medium enterprises use income statements, balance sheets and statements of cash flow as measurement for their financial records, because these describe the inflow and the outflow of cash. They also report revenue and expenses during a certain period of time, as well as the total assets, liabilities and owner's equity during a certain period of time.

The objective of IFRS for SMEs was to create a unified reporting formula which would be similar across the world for all SME's to produce comparable accounting information. This is to be done by taking into account their various needs in terms of costs involved in the presentation of their financial statements and the benefits provided to the users of the statements. According to Mwangi (2011, p. 88), "the development of the IFRS for SMEs by the International Accounting Standards Board is a welcomed move to standardize financial reporting in this sector, the threshold for SMEs remains high thus excluding a significant majority of small and micro-enterprises which when combined represent a high volume in financial and/or monetary terms". Despite the fact that standards are introduced for economic viability, Bruce (2011) also agrees with the reservation that, "while it is a good starting point for a move towards accounting standard that include most business entities that contribute

economic development, the impact and results of the implementation of this IFRS for SMEs in countries in sub-Saharan Africa might take the next couple of years”. Economic structures in the different countries differ and for such reasons not all rules could easily be adopted in all countries. When decision are made to standardise some of these economic business affairs, certain sectors of the economy are ignored; thus, Mwangi (2011, p. 89) cautions that “the SME standard under the IFRS is a great step in incorporating all business players in all economies but a lot needs to be done by lawmaking institutions relating to businesses that are important, yet excluded from statistics used in decision-making in areas directly affecting the small and micro-enterprise sector”.

It is also evident that not all systems are best for all economies. Mbroh and Attom (2012, p. 31) note that “a good accounting system is not only judged by how well records are kept but by how well it is able to meet the information needs of both internal and external decision-makers”. Qualified accountants can do a good job of keeping records up to date, and they must be recognised for that. On the contrary, they fail to provide information needed by decision-makers and that is why Mbroh and Attom (2012, p. 32) are content if an accounting system is capable of providing the following information for a micro-enterprise: firstly, “interim statements, quarterly or six-monthly that can provide information about the progress of the business”; secondly, “an annual cash flow forecast, reviewed periodically, could indicate overall financial requirements”: finally, “an accounting system which provides financial statements that must be capable of generating other useful information in the form of reports, such as, aged accounts receivable, aged accounts payable, stock and bank balances”.

The objective of financial statements is to help develop the business by providing useful information to users. According to the European Commission (2008, p. 13) a “financial statement should be designed to reflect users’ needs and the most likely needs of management are to evaluate how the enterprise is performing, manage cash flow, collect money due from debtors etc., find out possible financing needs, use the financial information for planning, forecasts etc., propose to the owners the portion of profits to retain and distribute and to propose to the owner a change in the range of products or business activities”.

Whatever information is derived from the accounting records, according to Karunananda and Jayamaha (2011, p. 42), it can only be important “if it can help the firm manage its short-term problems in critical areas like costing, expenditure and cash flow by providing information to support monitoring and control”. If this cannot be achieved, then it can be considered irrelevant because the accounting systems should provide a source of information to the owner in terms of the measurement of financial performance. Senik, et al. (2012, p.177) state that “the usefulness of the accounting information has been jeopardised with the view that the information is prepared to meet a series of legal and bureaucratic demands only, such as for tax filing purposes, and not as a decision-making and control support tool for managers since they are only focusing on the sales and net income figures”.

2.13 Assessment of micro-enterprises

In Namibia, with specific focus on Windhoek, the current magnitude of the micro-enterprise sector comprises vegetable, retailer, manufacturing trading in temporary kiosks, as well as mobile street vendors trading in a variety of unknown merchandise. Most of these micro-enterprises lack formal premises in buildings, and operate from

residential premises in the informal business area. Mwangi (2011, p. 90) claims that “the operation of these micro-enterprises is illegal in most cities and their activities are not provided for the city or by law” Windhoek is not an exception either.

2.13.1 Capital structure

Most owners of micro-enterprises start by saving up little amounts of money on a monthly basis in order to raise the initial capital to enter into the micro-enterprise sector. Some had to work as farm labourers for a year or two, some as domestic help and others saved up the funds by making careful and economical purchases from kitchen money provided by their working spouses. The type of business in the micro-enterprises sector varies within the sector. They bring the market to the people and are able to package their merchandise into quantities that their target customers are able to pay for in cash.

2.13.2 Ownership of business

Most of the proprietors appear to be working alone in the business, and thus bookkeeping is not their priority at all. Their reason for starting the business was the need for income to meet personal, immediate and extended family needs. Most business are owner-run and fully managed to the level of their perceived achievement or satisfaction.

2.13.3 Operations and accounting systems

A huge majority of the micro-enterprises are owner-run, usually with no employees. Through formation of groups of comparable enterprises in geographic closeness, the owner forms a rotating saving funds to which members contribute equal amounts on a

day-to-day basis. The funds are collected by the members in turn, until each member has received a lump sum amount of the contributions (Mwangi, 2011, p. 90). The accounting in these enterprises is on cash basis and most proprietors have no bank accounts. This may be due to the strict requirements needed to open a bank account and, besides, they need every coin to plan and meet all the business and family expenses at the early stages of business operations. Business sales income generated by the small and micro-enterprises is used for stock repurchasing, needs in education by the immediate and extended family, housing and revolving savings funds for informal groups which people from similar businesses or localities form, instead of saving their funds in a bank. Most micro-enterprises operate from temporary shelters as they do not have formal premises. The premises from where these enterprises operate are along the roadside where most potential clients pass by in the evening after work or on highways where they sell to motorists at robot points as these wait for the lights to turn green.

2.14 Conclusion

The literature reviewed supports the fact that not all micro-business enterprises apply accounting practices in their operations, and banking of all receipts is not done as some of the enterprises resort to operate without bank accounts. It is also clear that the micro-business sector has a major limitation: the failure to prepare financial statements. This adversely affects the true position of the organisations in determining the profitability status of the business operations. Incomplete and inaccurate financial reporting has an effect on the business position.

The review of literature has pointed out that micro business enterprises are not familiar with the double entry bookkeeping system and that makes it difficult for them to

account for their daily transactions. It is evident that it is a challenge for the micro enterprise sector to generate and use accounting information effectively. Lack of proper accounting record keeping is one of the major factors that has a serious challenge to the micro business sector. Accounting controls that depict the usage of cash received, cash used for purchases and other expenditure as well as budgetary control measures are issues that are not addressed the micro business owner/managers. The above mentioned problems and many others are the main reasons that have caused the researcher to carry out this study in order to find out what is happening in the micro business sector, in order to bring out recommendations which might help to resolve the current problems.

The next chapter deals with the methodology used to carry out the study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter briefly describes the research design employed, methods of data collection, research questions format, sampling and the data analysed. The scope of the study was restricted to a case study, namely the comparative analysis of accounting practices of micro-businesses operating inside and outside incubation centres in Windhoek, Bokamoso, due to time and financial constraints. A case study explores a research topic or phenomenon within its context or within a number of real contexts (Saunders, Lewis & Thornbill, 2012). The case study strategy is also relevant when one is to gain a rich understanding of the context of the research and processes being enacted (Eisenhardt & Graebner, 2007).

3.2 Research design

The philosophical influence on this research has its epistemological roots in positivism as it seeks to objectively distinguish true knowledge from false regarding the analysis of the accounting practices of micro businesses in Windhoek. A deductive approach leads to the strategic use of modelling secondary data across the accounting practices sections in conjunction with survey research.

The research adopted the mixed method approach, which according to Johnson, Onwuegbuzie and Turner (2007) is used when the researcher combines elements of qualitative and quantitative research approaches in order to achieve broader and deeper understanding of the subject under study. Creswell and Plano Clark (2011) postulate that mixed research methods originated in the social sciences and this research methodology advances the systematic integration of mixing qualitative and quantitative data within a single investigation. The mixed research methodology has been developed and refined to meet a wide range of research

questions. Quantitative analysis incorporate descriptive and inferential statistics, whilst qualitative analysis produce data in narrative form to examine the research objectives of the study. Qualitative data is obtained through focus discussion groups, structured or semi-structured interviews and other forms (Creswell, 2013).

The strengths of using the mixed research methodology are that the approach provides a meaningful interpretation of data and phenomenon under examination and the data obtained in this methodology can benefit many types of research at the same time. The weaknesses of using this research methodology are that the interpretation of data might be complicated and time consuming and thorough training to master the methodology is required (Teddlie and Tashakkon, 2003). This research is a single case study (Saunders, Lewis & Thornhill 2009). A single case research strategy focuses on a unique case or critical case (Saunders, Lewis and Thornhill 2009).

An interview schedule was designed for the key informants from various accounting firms that where interviewed. A qualitative procedure was used for the Key Informants Interviews (KII) conducted with one accountant each from the following accounting and auditing firms: Deloitte, PWC, Dynamic Accounting Solution, CR van Wyk, as well as the following four bookkeeping companies catering the accounting needs of micro-enterprises (Excel Accounting, Hamata Consultants, Advanced Accounting and Davellah Investments cc).

3.3 Population of the study

The research population for the study comprised forty (40) micro-enterprises in the Bokamoso Entrepreneurial Incubation Centre in Windhoek, as well as those situated outside in the same surroundings. A total of ninety four (94) registered accounting and auditing firms and thirteen (13) bookkeeping companies were also part of the population.

3.4 Sampling

A stratified, random sampling method was used to identify twenty (20) micro-enterprises from the Bokamoso Entrepreneurial Incubation Centre in Windhoek and twenty (20) from surrounding the centre, since there were different types of businesses operating within and outside the centre. For this purpose, the enterprises operating inside the incubation centre and in surrounding areas were divided according to the nature of their businesses.

The purposive sampling method was used to select the eight (8) key informants from the selected accounting firms and bookkeeping companies. The key informants were purposively selected because of their knowledge as accountants with the required skills. They were selected purposively with the assistance of the firm auditor or manager, based on their availability.

3.5 Research instruments

The main instruments that were used in the research process were semi-structured questionnaires and Key Informant Interviews (KII). The survey questionnaires were distributed to forty (40) micro-enterprises. The questions were categorised into four (4) main areas:

- Demographic profile of the respondents;
- Profile of the business entity;
- Accounting record practices;
- Perception about performance measurements.

The KII focused on the following themes:

- Knowledge of micro-enterprises;

- Accounting/bookkeeping principles well understood and applied by the micro-business owners;
- Types of accounting methods commonly used and the reasons;
- Electronic accounting solutions for micro-enterprises that are preferred and recommended for use.

Qualitative data collection was done through the open-ended questionnaires specifically prepared for the key informants to give their views regarding the research study. Qualitative data collection and analysis were effected in order to complement the quantitative data collected and analysed. The analysis of the qualitative data obtained from the micro-business respondents was carried out through the Creswell (2009) model by capturing the major themes obtained from the key informants.

3.6 Procedures

A research timetable served as the guiding tool, since it indicated the dates and specific activities for the execution of data collection and analysis. One-on-one interviews with the accountants as key informants were conducted. An interview schedule was designed for the key informants, who, in this case, were the knowledgeable individuals. Standard questionnaires were designed and distributed to business owners. The researcher requested them to complete the survey questionnaire under full supervision. In order to determine the validity of the questionnaire, a pilot study was conducted.

3.7 Data analysis

Qualitative data was analysed through One-Way Anova with the aid of the Statistical Package for the Social Sciences (SPSS). The data collected are presented in the form

of tables, frequencies and figures, such as bar and pie charts. Percentages were used to compact the data and make it easy to understand, as well as for ease of reference. The data are presented according to logical themes through the use of graphs, tables and diagrams. For the purpose of analysing and comparing the data, frequency distribution and percentages (pie chart and tables) were used as guidelines. The various tables illustrating percentages are used for the descriptive statistics.

The qualitative data collected were analysed according to the Creswell (2009) model. The seven steps used in analysing the data are listed and explained below:

Step 1: The first step involved the validation of data for accuracy of information. In this process, the researcher validated the accuracy of the transcribed data provided by professionals; the researcher read through each transcript several times, comparing them against their respective recordings. Validation of the accuracy of information was done by the researcher and participants were given the transcripts to read and verify.

Step 2: In this part of the process of data analysis, the researcher read several times carefully through all raw data provided in the transcripts to obtain a general sense of the information and to reflect on its overall meaning, as well as identify themes and sub-themes for the interview.

Step 3: The researcher organised and prepared the data for analysis by sorting and organising the data into different categories/themes as per sub-question formulated from the main research question.

Step 4: The researcher read through all data carefully once again. The reason was to establish what participants were really saying, what ideas emerged from the data and what was the impression of the overall depth, credibility and use of the information.

At this stage, the researcher started to look for general patterns, similarities and differences in the responses from the subjects.

Step 5: This stage outlined the coding system used in this research. The researcher began by making detailed analysis by means of a coding process. In this case, the researcher only coded the interviewees.

Step 6: At this stage, themes and sub-themes were identified. The researcher focused on themes and sub-themes pre-determined from the sub-questions of the main research question by organising the material into segments of text before bringing meaning to the information. Data were categorised to these themes and sub-themes through sentence construction and content analysis. The process involved organising the data according to a data analysis memo/summary, by tabulating them under the sub-questions of the main questions. Themes were formulated, based on the questions under each sub-question.

Step 7: The final step in the data analysis process involved an interpretation or meaning- making of the data. Data were interpreted by means of reading with understanding what emerged from the themes and the sub-themes, according to the information provided by the subjects' personal opinions, experience and appreciating the study, based on respondents' opinions.

3.8 Research ethics

The academic purpose of the study was explained to the participants before any interview was conducted. The respondents were assured of the confidentiality and were kept at ease with the process. They were ensured that no information collected from them would be divulged to anyone in any identifying manner. Those who did not want to participate were given the opportunity to withdraw from the research. All

participants, who participated in the research, had the right to remain anonymous. Ethical guidelines were clearly followed in the process of conducting the interviews. All data collected and related instruments were stored securely on an external hard drive, as well as on an online, drop box account for the duration of the course to maintain a track record of all information collected for the study. When the research thesis will have been accepted, all hard copy data collected will be shredded.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The study focused on analysing the accounting practices of micro-business enterprises operating from within, as well as from outside, the Bokamoso incubation centre at Windhoek, Namibia. The intention of the study was to analyse the accounting practices, identify areas that needed to be improved on and, finally, recommend steps that need to be taken in order to provide solutions to address the areas of concern.

This chapter focuses on presenting the findings from the data collected by means of the different tools employed for the purpose of the study. It is divided into two sections. The data collected from the key informants are grouped as outlined in the research design, Chapter 3. The Table below illustrates the codes used for the data collected from the key informants from the various organisations or firms.

Organisation/Firms	Response code
Accounting firms	A, D
Auditing firms	B, E
Bookkeeping	C, F, G, H

Section A: Respondents' demographic information and business entity profile

4.1.1 Age group of respondents

The respondents' age categories are represented by 15% who were in the age group of 22-25 years, 15% in the 26-29 years age group, 20% in the 30-33 years age group and 50% in the 34 years and above age group.

The majority of the respondents were above the age of 34 for both inside and outside the incubators.

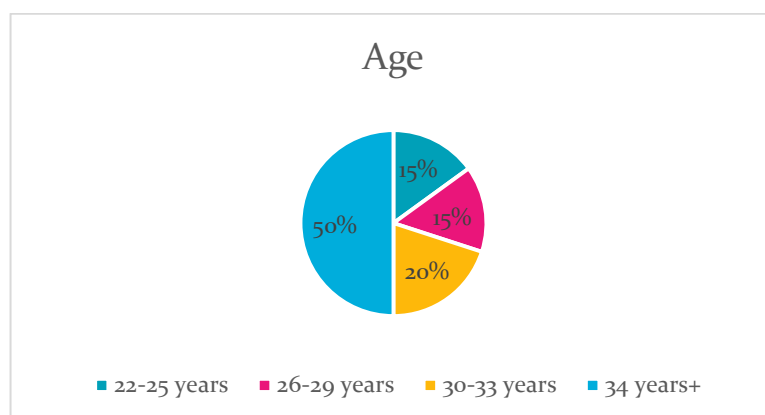


FIGURE 4.1: AGE OF RESPONDENTS

Source: Primary data collected through survey during November – December, 2015

4.1.2 Gender of respondents

The male respondents constituted 53% and were more than the female respondents who were representing 47% of the respondents. This might be caused by the fact that more men are willing to take business risks as opposed to their female counterparts. There are also other social, economic and historic reasons that could justify why this number of male micro-business respondents was higher in this case.

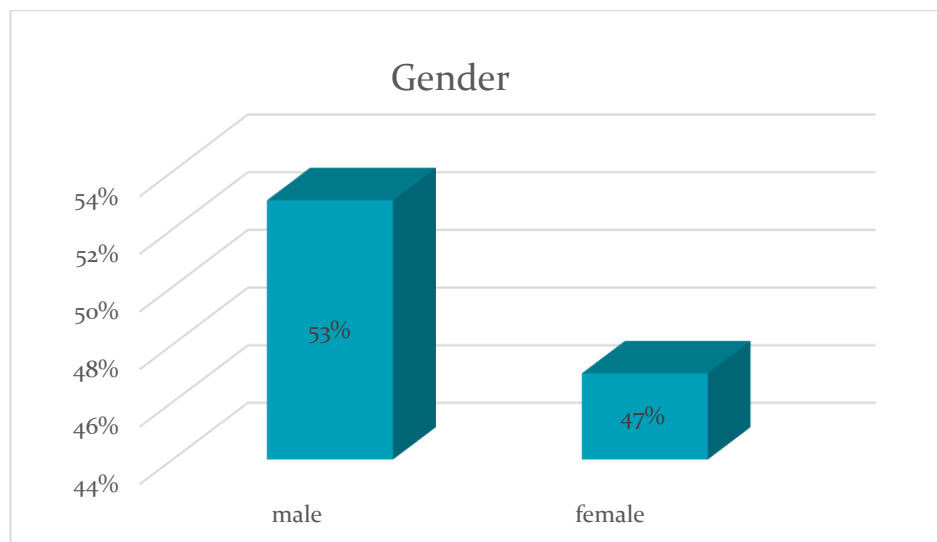


FIGURE 4.2: GENDER OF RESPONDENTS

Source: Primary data collected through survey during November – December, 2015

4.1.3 Level of education

For both inside and outside respondents, 10% of the respondents had an elementary, 45% had a secondary and 45% a tertiary level of education. The results reflect that the respondents were educated well enough, and had the capacity to run their organisations. There was not much difference between those operating in and those outside the incubators. The fact that the respondents commanded some degree of education, it was assumed that they understood what was expected for a business to succeed.

			Educational level			Total
			Elementary	Secondary	Tertiary	
Inside incubator	Business enterprise ownership	Sole proprietorship	1	5	2	8
		Close corporation	0	4	8	12
	Total		1	9	10	20
Outside incubator	Business enterprise ownership	Sole proprietorship	1	3	1	5
		Partnership	1	5	1	7
		Family	1	1	0	2
		Close corporation	0	0	6	6
	Total		3	9	8	20
Total	Business enterprise ownership	Sole proprietorship	2	8	3	13
		Partnership	1	5	1	7
		Family	1	1	0	2
		Close corporation	0	4	14	18
	Total		4 (10%)	18 (45%)	18 (45%)	40

TABLE 4.1: EDUCATIONAL LEVEL OF THE RESPONDENTS

Source: Primary data collected through survey during November – December, 2015

4.1.4 Nature of business

Figure 4.3 below indicates that the retail sector constituted 20% of the micro-business enterprises, 3% represented the wholesale sector, 45% constituted the services sector and 32% constituted the manufacturing sector. There is need to grow the manufacturing sector if the micro-business sector has to make a significant contribution to the economy. The use of accounting practices would empower the managers to make informed decisions and, hence, foster the growth of their organisations in order to achieve national economic growth. This could also assist government (Ministry of Industrialisation, Trade and SME Development) to identify areas that micro-businesses can be assisted with in terms of book keeping training in order to improve their businesses and attain their objectives.

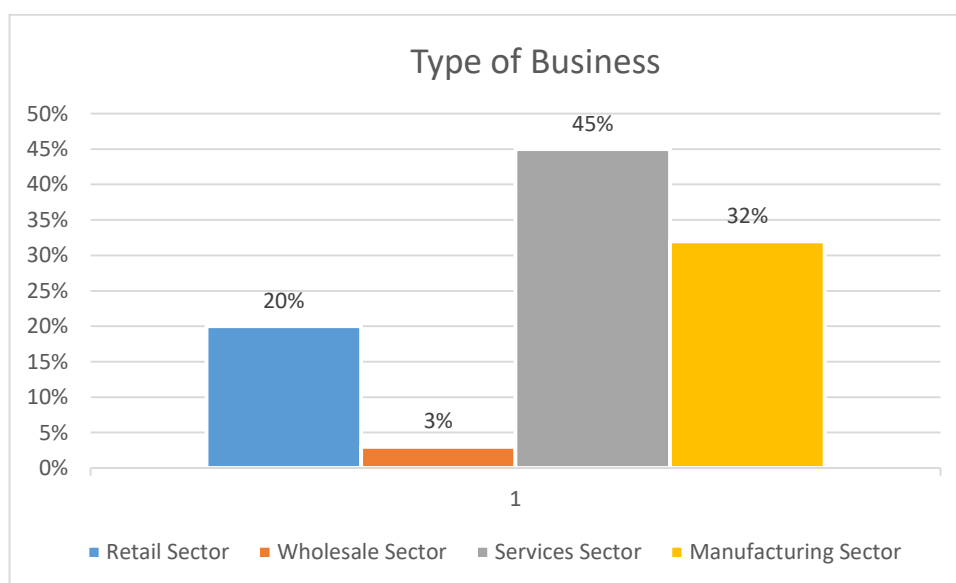


Figure 4.3: NATURE OF BUSINESS OPERATIONS

Source: Primary data collected through survey during November – December, 2015

4.1.5 Business bank account

Figure 4.4 below indicates that business bank accounts were owned by 68% of the micro-business enterprises; 32% of the respondents indicated that they did not have bank accounts. This made it difficult for those without bank accounts to do effective transactions which facilitated adequate record keeping. There was no significant difference between those operating inside and outside the incubators in terms of having banking accounts.

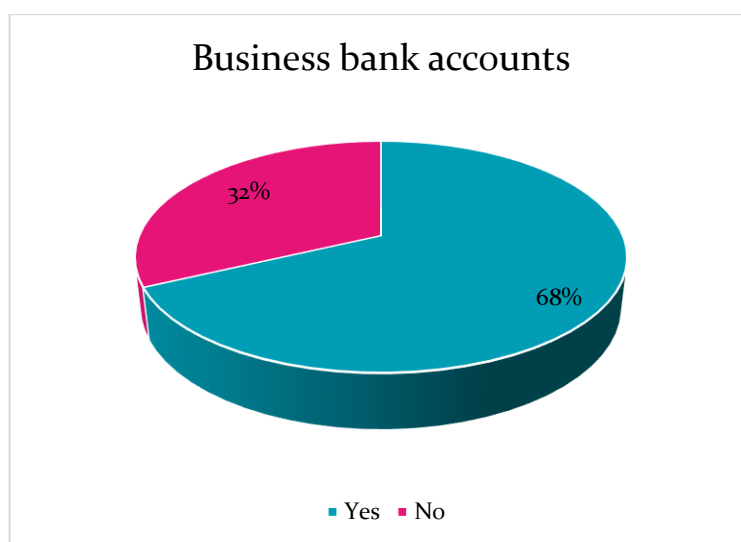


FIGURE 4.4: BUSINESS BANK ACCOUNT

Source: Primary data collected through survey during November – December, 2015

Mutambanengwe (2012, p. 58) notes that “micro-business enterprises have an informal set up and do not keep proper accounting records. Keeping of accounting records is viewed as a waste of time and resources. Bank accounts are also viewed in the same manner as keeping of accounting records”.

SECTION B: ACCOUNTING RECORDS PRACTICES AND PERCEPTIONS OF THE RESPONDENTS

4.2 One-Way ANOVA statistical analysis

Table 4.2 below is derived from the one-way ANOVA results in annexure 3. One-way ANOVA analysis is used to determine the significance level of a factor, especially for data in which the influence of several factors is being considered simultaneously. It is useful to distinguish between fixed and random effects. One-Way ANOVA analysis was carried out in order to establish the variances that existed within and between those groups inside and outside the incubators, as well as lack-of-knowledge groups and those groups that had knowledge. The significant variables were determined and commented on accordingly. The analysis of variance was the most ideal statistical tool of analysis for this study.

In order to carry out the ANOVA statistical analysis, the independent variable for the study was Lack of Accounting Knowledge and the identified critical dependent after carrying out the ANOVA statistical analysis variables as indicated by the one-way ANOVA are as listed below:

- Statement of financial position
- Daily payments to suppliers
- Consultants
- Bookkeeping training
- Cheque payment mode
- Efficiency of record keeping on business management

Parameter	Sum of squares	Df	Mean square	F	Sig
Statement of financial position	1.002	1:38	1.002	7.980	.050
Daily payment to suppliers	.736	1:38	.736	6.413	.014
Consultant	.511	1:38	.511	5.029	.001
Bookkeeping training	.879	1:38	.879	5.480	.001
Cheque payment mode	.940	1:38	.940	5.916	.000
Record keeping bring efficiency on business management	1.346	1:38	1.346	6.067	.015

TABLE 4.2: ONE WAY ANOVA STATISTICAL ANALYSIS

Source: Primary data collected through survey during November – December, 2015

4.2.1 Preparing financial statements

Information was gained by posing the following question:

Do you prepare financial statements in your business?

The main financial statements prepared by the micro-businesses interviewed were income, financial and cash flow statements. These were critical for the success of the business. The results obtained from the respondents in relation to the financial statements that the micro-businesses prepared on an annual basis are indicated in the Table below.

Type of Business	Preparing financial statements			Not preparing financial statements			Grand Total
	Inside incubators	Outside incubators	Total	Inside incubators	Outside incubators	Total	
Retail sector	1 (2.5%)	0 N/A	1 (2.5%)	5 (12.5%)	0	5 (12.5%)	6 (15%)
Wholesale sector	0	0	0	1 (2.5%)	2 (5%)	3 (7.5%)	3 (7.5%)
Services sector	2 (5%)	0	2 (5%)	6 (15%)	10 (25%)	16 (40%)	18 (45%)
Manufacturing sector	1 (2.5%)	3 (7.5%)	4 (10%)	4 (10%)	5 (12.5%)	9 (22.5%)	13 (32.5%)
Total	4 (10%)	3 (7.5%)	7 (17.5%)	16 (40%)	17 (42.5%)	33 (82.5%)	40 (100%)

TABLE 4.3: MICRO-BUSINESS PREPARING ANNUAL FINANCIAL STATEMENTS

Source: Primary data collected through survey during November – December, 2015

Table 4.3 illustrates the preparation of annual financial statements by micro-businesses inside and outside the incubators. The results of the survey conducted indicate that only 17.5% of the respondents inside and outside the incubators prepared financial and cash flow statements. These were represented by 2.5% of the respondents in the retail sector; the wholesale sector was not represented (5% of the respondents in the services sector and 10% of the respondents in the manufacturing sector). The majority of 82.5% of the respondents inside and outside the incubators did not prepare financial and cash flow statements at all. These are represented by 12.5% of the respondents in the retail, 7.5% in the wholesale, 40% in the services and 22.5% in the manufacturing sector.

4.2.2. Control of cash-daily payment to suppliers

Information was gained by posing the following question:

Which control of cash receipts do you keep in your business?

Cash control, such as banking daily, keeping cash in vaults, safe keeping, banking after a trade cycle and daily payments to suppliers are some of the controls that micro-business are expected to practise. The variable is critical to the study with a significance level of .016, ($P < .05$). The results obtained from the respondents in relation to the control of cash receipt books for micro-businesses are indicated in the Table below.

Type of Business	Control of cash-Daily payment to suppliers			Not Control cash-Daily payment to suppliers			Grand Total
	Inside Incubators	Outside Incubators	Total	Inside Incubators	Outside Incubators	Total	
Retail sector	1 (2.5%)	0	1 (2.5%)	5 (12.5%)	2 (5%)	7 (17.5%)	8 (20%)
Wholesale sector	1 (2.5%)	0	1 (2.5%)	0	0	0	1 (2.5%)
Services sector	0	1 (2.5%)	1 (2.5%)	8 (20%)	9 (22.5%)	17 (42.5%)	18 (45%)
Manufacturing sector	1 (2.5%)	2 (5%)	3 (7.5%)	4 (10%)	6 (15%)	10 (25%)	13 (32.5%)
Total (Number)	3 (7.5%)	3 (7.5%)	6 (15%)	17 (42.5%)	17 (42.5%)	34 (85%)	40 (100%)

TABLE 4.4: CONTROL OF CASH-DAILY PAYMENT TO SUPPLIERS

Source: Primary data collected through survey during November – December, 2015

Control of cash for daily payments to suppliers and other payments is of great concern in the micro-sector business sector. Table 4.4 indicates the control of cash towards daily payment to suppliers inside and outside the incubators. The results of the survey

conducted indicate that 15% of the respondents inside and outside the incubators practised control of cash for daily payments to suppliers. These were represented by 2.5% in the retail, 2.5% in the wholesale, 2.5% in the services and 7.5% in the manufacturing sectors. In conclusion, the majority of the respondents in the incubators and outside the incubators, constituting 85% of the respondents, did not control cash for daily payment to suppliers. They are represented by 17.5% in the retail sector. In the wholesale sector was none, 42.5% is represented by the services sector and 25% is also represented by the manufacturing sector.

Ntim, et al. (2014, p. 34) define cash as “the straightforward system needed to keep business running on an endless basis”. They further claim that cash is “the eventual output expected to be realized by selling the product of the firm”. For micro-enterprises, cash transactions constitute a major part of business transactions because of the cliental involved. Therefore, it consequently requires the micro-business owners to exercise reasonable control over cash transactions so that cash is not misappropriated by employees and other third parties. Proper cash control systems must be put in place to minimise the chances of needing more cash loans and managing financial temptations.

4.2.3 Preparation of financial statements by consultants

Information was gained by posing the following question:

Who prepares your accounts?

Many micro-businesses who prepare financial statements depend on the consultant's services to keep their accounts and prepare financial statements. The options given to

the respondents for this question were: consultant, accounting staff, owner of business.

The respondents were all in support of engaging the services of consultants.

Type of Business	Financial statements prepared by consultant			Not preparing financial statement by consultant			Grand Total
	Inside incubators	Outside incubators	Total	Inside incubators	Outside incubators	Total	
Retail sector	1 (2.5%)	0	1 (2.5%)	5 (12.5%)	2 (5%)	7 (17.5%)	8 (20%)
Wholesale sector	0	0	0	1 (2.5%)	0	1 (2.5%)	1 (2.5%)
Services sector	1 (2.5%)	2 (5%)	3 (7.5%)	7 (17.5%)	8 (20%)	15 (37.5%)	18 (45%)
Manufacturing sector	0	1 (2.5%)	1 (2.5%)	5 (12.5%)	7 (17.5%)	12 (30%)	13 (32.5%)
Total (Number)	2 (5%)	3 (7.5%)	5 (12.5%)	18 (45%)	17 (42.5%)	35 (87.5%)	40 (100%)

**TABLE 4.5: MICRO-BUSINESS PREPARING FINANCIAL STATEMENT
BY CONSULTANT**

**Source: Primary data collected through survey during November – December,
2015**

Financial statements are important because they reflect the net worth of any business. Table 4.5 above indicates that 12.5% of the financial statements of respondents, both inside and outside the incubators, were prepared by consultants. The majority, which were 87.5% of the respondents' financial statements, were not prepared by a consultant.

The once-off service of consultants to prepare accounts for a micro-enterprise is much more economical compared to employing a full-time accountant. It is affordable to engage the services of consultants.

4.2.4. Improving accounting practices of micro-business enterprises

Information was gained by posing the following question:

Which of the below will improve accounting practices of micro-business enterprises?

The options given to the respondents regarding the above question were:

- a) Bookkeeping training
- b) Hiring consultants at reduced fees
- c) Micro-business enterprises accounting guidelines
- d) Mandatory record keeping
- e) Reduction of family interference

The majority of the respondents were in support of bookkeeping training as a solution to improve accounting practises

Supporting bookkeeping training

Bookkeeping training was supported by 78% of the respondents while only 22% of the respondents supported other options. The results obtained from the respondents who supported bookkeeping training in relation to the improvement of the accounting practices of micro-businesses are indicated in the Table below.

Type of Business	Supporting bookkeeping training			Not supporting bookkeeping training			Grand Total
	Inside incubators	Outside incubators	Total	Inside incubators	Outside incubators	Total	
Retail sector	5 (12.5%)	2 (5%)	7 (17.5%)	1 (2.5%)	0	1 (2.5%)	8 (20%)
Wholesale sector	1 (2.5%)	0	1 (2.5%)	0	0	0	1 (2.5%)
Services sector	7 (17.5%)	6 (15%)	13 (32.5%)	1 (2.5%)	4 (10%)	5 (12.5%)	18 (45%)
Manu- facturing sector	4 (10%)	6 (15%)	10 (25%)	1 (2.5%)	2 (5%)	3 (7.5%)	13 (32.5%)
Total (Number)	17 (42.5%)	14 (35%)	31 (77.5%)	3 (7.5%)	6 (15%)	9 (22.5%)	40 (100%)

**TABLE 4.6: IMPROVEMENT OF ACCOUNTING PRACTICES OF
MICRO-BUSINESS ENTERPRISES**

**Source: Primary data collected through survey during November – December,
2015**

Bookkeeping training is essential for the successful growth of micro-business enterprises. It is vital to see to it that bookkeeping training mechanisms are put in place in order for these enterprises to achieve their desired goals. Table 4.6 suggests that a majority of respondents inside and outside the incubators (77.5%) were in support of bookkeeping training. These are represented by 17.5% of the respondents in the retail, 2.5% in the wholesale, 32.5% in the services and 25% of the respondents in the manufacturing sectors. The respondents inside and outside the incubators who did not support bookkeeping training constituted 22.5% of the respondents. These are represented by 2.5% in the retail sector. In the wholesale sector there was none. The services sector and the manufacturing sectors were represented by 12.5% and 7.5% of the respondents respectively.

Abdul-Rahamon and Adejare (2014, p. 6) regard a single entry system as “an informal bookkeeping system where the user only happens to record one transaction”. This includes a daily summary of cash receipts and a monthly record of receipts. A cheque book is one of the single entry bookkeeping systems where one entry is made for each deposit or cheque written. In a single entry system, receipts are entered and recorded as a deposit and a source of revenue, while cheques and withdrawals are recorded as expenses.

Wood, Coy and Townsley (2011, pp. 16-20) claim that “the double entry accounting system records financial transactions which are mainly in relation to assets, liabilities, income and expenses thorough the accounting entries”. In a double entry, every transaction affects two items.

Okwena, et al. (2011, p. 2) justify this argument by stating that “if no records are kept, it will be difficult to find accurate net profit”. This will mean that tax authorities may overestimate the profits and thus a trader will suffer for not having kept the business records. On the same argument, Williams, et al., (2008, p. 37) give more importance to record keeping by SMEs as “in the absence of proper business records, the trader will find it difficult to submit the true position to the court in case he becomes insolvent. Keeping of proper records helps the trader in framing future business plans and policies. Also it will be difficult to ascertain and fix the price of business to be sold or disposed of if no records are kept”. It is important to conclude that in spite of the bet memory that most business personalities possess, it is beyond the capacity of a business person to remember all transactions and dealings for reference purposes. This study, thus, advocates for the full use of accounting records practices for micro-businesses.

4.2.5 Mode of payment

Information was gained by posing the following question:

Which mode of paying expenses do you mostly make use of?

It is essential to establish the payment mode that micro-businesses use when paying their business' operational expenses. The study looked at which of the modes of payments below the micro-businesses used for paying their expenses.

- a) Cash
- b) Cheque
- c) Letters of credit
- d) Banker's draft

Amongst all modes of payment, the cheque payment mode was the one favoured by the majority of the respondents. The cheque payment mode was identified as a critical variable to the study with a significance value of .020, where ($P < .05$). The results in relation to the mode of paying for expenses that micro-businesses used most, as obtained from the respondents, are indicated in the Table below.

Type of Business	Making use of cheques as a mode of payment			Not making use of cheques as a mode of payment			Grand Total
	Inside incubators	Outside incubators	Total	Inside incubators	Outside incubators	Total	
Retail sector	1 (2.5%)	0	1 (2.5%)	5 (12.5%)	2 (5%)	7 (17.5%)	8 (20%)
Wholesale Sector	0	0	0	1 (2.5%)	0	1 (2.5%)	1 (2.5%)
Services sector	2 (5%)	2 (5%)	4 (10%)	6 (15%)	8 (20%)	14 (35%)	18 (45%)
Manu-facturing sector	1 (2.5%)	3 (7.5%)	4 (10%)	4 (10%)	5 (12.5%)	9 (22.5%)	13 (32.5%)
Total (Number)	4 (10%)	5 (12.5%)	9 (22.5%)	16 (40%)	15 (37.5%)	31 (77.5%)	40 (100%)

TABLE 4.7: MICRO-BUSINESS USING CHEQUE PAYMENT MODE

Source: Primary data collected through survey during November – December, 2015

The use of cheques as a mode of payment in the settling of accounts is very effective, since it leaves a record of transactions that have been done. Table 4.7 illustrates that 22.5% of the respondents inside and outside the incubators made use of the cheque payment mode. These were represented by 2.5% in the retail sector. In the wholesale sector there was no representation, whereas there was 10% of the respondents in the services and 10% of the respondents in the manufacturing sector. The respondents inside and outside the incubators who did not make use of the cheque payment mode constituted 77.5% of which 17.5% were in the retail, 2.5% of the respondents were in the wholesale, 35% in the services and 22.5% in the manufacturing sectors. For micro-enterprises, cash books are used to record the cash received and payments issued to suppliers, either by cheques or Electronic Fund Transfer (EFT) transactions. These modes of payment were mainly used but not properly recorded. The cash book can be

split into two daybooks: a receipt day book for money received and a payments daybook for money paid out. These operations are bound to take place on a daily bases for micro-businesses.

4.2.6 Improving accounting practices of micro-business enterprises

According to Smirat (2013, p. 170), “better financial information means better control and higher chances of success”. Proper accounting information or records maintained by micro-businesses facilitate the preparation of financial statements which helps managers to make appropriate decisions in managing the enterprise. In order to gauge the perceptions of micro-enterprise owners about record keeping practices, a question was asked seeking their opinion about the following:

- a) Keeping records adds unnecessary costs to my business
- b) Record keeping is a time consuming exercise
- c) Record keeping brings efficiency on business management
- d) Record keeping helps to minimise the tax burden of my business
- e) Record keeping helps to determine the profit made by my business

The opinion of the respondents supported the option that record keeping brings efficiency to business management.

Type of Business	Perceptions regarding improving accounting practices			Not supporting perception regarding improving accounting practices			Grand Total
	Inside incubators	Outside incubators	Total	Inside incubators	Outside incubators	Total	
Retail sector	3 (7.5%)	0	3 (7.5%)	3 (7.5%)	2 (5%)	5 (12.5%)	8 (20%)
Wholesale sector	1 (2.5%)	0	1 (2.5%)	0	0	0	1 (2.5%)
Services sector	3 (7.5%)	4 (10%)	7(17.5%)	5 (12.5%)	6 (15%)	11 (27.5%)	18 (45%)
Manufacturing sector	3 (7.5%)	3 (7.5%)	6 (15%)	2 (5%)	5 (12.5%)	7 (17.5%)	13 (32.5%)
Total (Number)	10 (25%)	7 (17.5%)	17 (42.5%)	10 (25%)	13 (32.5%)	23 (57.5%)	40 (100%)

TABLE 4.8: PERCEPTIONS REGARDING IMPROVING ACCOUNTING

PRACTICES; RECORD KEEPING BRINGS EFFICIENCY ON BUSINESS

MANAGEMENT

Source: Primary data collected through survey during November – December, 2015

There is a need for the micro-business enterprise sector to improve on accounting practices, since proper record keeping brings efficiency to business management. Table 4.8 indicates that 42.5% of the respondents inside and outside the incubators were in support of the perception that accounting practices and record keeping brought efficiency to business management. These were represented by 7.5% of the respondents in the retail, 2.5% of the respondents in the wholesale, 17.5% of the respondents in the services and 15% of the respondents in the manufacturing sectors. The other 57.5% of the respondents inside and outside the incubators were not in support of the perception that accounting practices and record keeping brought

efficiency to business management. These are represented by 12.5% of the respondents in the retail sector. In the wholesale sector was no representation, while 27.5% of the respondents in the services and 17.5% of the respondent in the manufacturing sector respectively supported the statement.

4.3 Reasons why accounting records are not kept

Table 4.9 illustrates the various reasons why micro-businesses owners did not keep accounting records. Some of the respondents claimed that it was time consuming and that it was difficult to maintain the accounting system. To a certain extent, the issue of cost did not seem to be a problem because 72% did not agree with it being expensive and 87.5% also did not agree with the argument of the evading of tax by not keeping proper accounts. The arguments from both inside and outside the incubators seem to be the same, as illustrated in Table 4.9 below.

Reasons	Inside incubators		Outside incubators		Total	
	Yes	No	Yes	No	Yes	No
It is time consuming	10	10	8	12	18 (45%)	22 (55%)
It is expensive	6	14	5	15	11 (27.5%)	29 (72.5%)
It requires technical skills and knowledge	7	13	13	7	20 (50)	20 (50)
It requires more staff	4	16	7	13	11 (27.5%)	29 (72.5%)
It exposes your financial position	2	18	3	17	5 (12.5%)	35 (87.5%)
It makes your enterprise pay more tax	1	19	4	16	5 (12.5%)	35 (87.5%)
There is no need to keep accounting records	1	19	1	19	2 (5%)	38 (95%)
It is difficult to maintain the accounting system	9	11	9	11	18 (45%)	22 (55%)

**TABLE 4.9: REASONS WHY ACCOUNTING RECORDS ARE NOT KEPT
IN MICRO-BUSINESSES**

Source: Primary data collected through survey during November – December, 2015

According to Mbonyane and Ladzani (2011, p. 3), micro-enterprise refers to “a very small business, often involving only the owner, some family member(s) and at the most one or two paid employees. These enterprises usually lack ‘formality’ in terms of business licences, value-added tax (VAT) registration, formal business premises, operating permits and accounting procedures”.

4.4 Challenges faced by micro-business in keeping proper accounting records

According to Table 4.10 below, the main reason why micro-businesses did not keep proper accounting records was because of a lack of accounting knowledge. About 55% of the respondents both inside and outside the incubators confirmed this statement. A fairly smaller number of about 15% attributed it to costs and time constraints, probably because of various other factors. Mutambanengwe (2012, p. 87), “the perception of owners/managers of small entities seem to be a major limiting factor in the use of accounting information. Accounting skills are the totality of skills ranging from record keeping, attention directing, financial management and reporting skills that are expected to promote effective decision, performance evaluation and business reporting of any business enterprise. Although studies could not find record keeping skill as positive factor, financial management skill has been found to be contributory to business development”

Challenges	Inside incubators		Outside incubators		Total	
	Yes	No	Yes	No	Yes	No
Lack of accounting knowledge	13	7	9	11	22 (55%)	18 (45%)
Cost and time constraints	9	11	6	14	15 (37.5%)	25 (62.5%)
Lack of guiding accounting rules	5	15	10	10	15 (37.5%)	25 (62.5%)
Other	2	18	3	17	5 (12.5%)	35 (87.5%)

**TABLE 4.10: CHALLENGES FACED BY MICRO-BUSINESS IN
KEEPING PROPER ACCOUNTING RECORDS**

Source: Primary data collected through survey during November – December, 2015

4.5 Accounting books used for record keeping

Respondents, both inside and outside the incubators, were asked to indicate which accounting books they used for their record keeping as illustrated in Table 4.11 below. The study clearly indicated that 62.5% of respondents mostly used a sales day book and 52.5% used cash books, while all other books were utilised minimally. This could then mean that the majority of the micro-businesses produced limited information to prepare proper financial reports because petty cash, a payroll register and asset register were not effectively used. The type of bookkeeping systems used by the micro-enterprises differed, depending on the kind of transaction that took place or which was to be recorded (Hendricks, 2009). Transactions differed from one another and likewise from enterprise to enterprise, since there were different types of books used. This means that salaries and daily transactions of items and payments were not properly recorded. This is detrimental to the operations of the micro-businesses. Wood and Sangster (2005, p.423) claim that “informal businesses can keep their information by

merely keeping a cash book and having some form of record, not necessarily in double entry form, of their debtors and creditors”.

Accounting books	Inside incubators		Outside incubators		Total for inside and outside the incubator	
	Yes	No	Yes	No	Yes	No
Sales day book	12	8	13	7	25 (62.5%)	15 (37.5%)
Purchase day book	4	16	7	13	11 (27.5%)	29 (72.5%)
Cash book	10	10	11	9	21 (52.5%)	19 (47.5%)
Petty cash book	3	17	5	15	8 (20%)	32 (80%)
Payroll record	2	18	4	16	6 (15%)	34 (85%)
Asset register	0	20	4	16	4 (10%)	36 (90%)
Expenditure book	5	15	4	16	9 (22.5%)	31 (77.5%)

TABLE 4.11: MICRO-BUSINESS USING ACCOUNTING BOOKS

Source: Primary data collected through survey during November – December, 2015

4.6 Reasons for preparing accounts

The reasons for preparing accounts were not well known by the micro-business owners and managers. Tax, banking loans and control were less considered as reasons to prepare accounts by micro-business, because 75% of the respondents considered profit determination as the most important reason. In relation to an accounting framework, Maseko and Manyani (2011, p. 172) state that “profit can analogously be viewed as the life-blood of a business and hence the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement”. It is for such reasons that the concepts and principles of accounting should form the framework for preparing and presenting the financial statements of micro-enterprises.

Reasons	Inside incubators		Outside incubators		Total for inside and outside the incubator	
	Yes	No	Yes	No	Yes	No
Profit determination	16	4	14	6	30 (75%)	10 (25%)
Tax purposes	7	13	7	13	14 (35%)	26 (65%)
Control purposes	8	12	8	12	16 (40%)	24 (60%)
Bank loan	4	16	5	15	9 (22.5%)	31 (77.5%)

TABLE 4.12: REASONS FOR PREPARING ACCOUNTS

Source: Primary data collected through survey during November – December, 2015

4.7 Purchase procedures being made use of

According to Table 4.13, none of the purchase procedure options presented in the Table were favourably used by micro-businesses, with the exception of the regular and irregular order frequency procedures. This could mean that goods were purchased on a cash basis simply because credit facilities were difficult to acquire; this had a negative impact on the operations of the business, since the cash obtained was not adequate to pay for all the purchases and operating expenses at the same time.

Purchases procedures	Inside incubators		Outside incubators		Total for inside and outside the incubator	
	Yes	No	Yes	No	Yes	No
Use of tickler files	1	19	2	18	3 (7.5%)	37 (92.5%)
Regular order frequency	8	12	4	16	12 (30%)	28 (70%)

Irregular order frequency	7	13	6	14	13 (32.5%)	27 (67.5%)
Use of order form to place an order	3	17	8	12	11 (27.5%)	29 (72.5%)
Employees placing the orders	7	13	3	17	10 (25%)	30 (75%)
Inspection of quantity and specification	0	20	1	9	1 (2.5%)	39 (97.5%)

TABLE 4.13: PURCHASES PROCEDURES USED BY MICRO-BUSINESSES

Source: Primary data collected through survey during November – December, 2015

4.8 Understanding accounting practices for micro-businesses

Sections 4.8 to 4.17 focused on the main issues that affect the micro businesses in relation to accounting. Key Informants were used in order to collect relevant data and find out what are the main challenges that the micro business sector faces with regards to proper accounting and record keeping. The main themes asked to the KIIs was derived from the quantitative questionnaire and major questions that helped to source out relevant information were asked to enable the researcher to collect the relevant and useful information to the study.

The International Accounting Standard Board (IASB) issued IFRS for SMEs. The IFRS for SME's assisted the small business companies with the International Accounting Standard practices with less complexity. According to Table 4.14, it is believed that the IFRS for Small Enterprises was designed to be user-friendly. To a

certain extent, micro-business enterprises were also perceived as part of those that fell in the SME category. Key informants from bookkeeping organisations viewed good accounting practices as an added advantage to a micro-business because they added value in good and bad times.

KII responses
<p>a) The International Accounting Standard Board (IASB) has issued IFRS for SME's. This IFRS for SME's helps the small business company with the International Accounting Standard practices with less complexity. The IFRS for Small Enterprise is less complex, easier to comply with and is a general and standard practice.</p> <p>b) Micro-business are very small in nature. The accounting that takes place is, hence, that of a non-complex nature.</p> <p>c) Good accounting practices add value to a business in both good and bad times. A business which follows good accounting practices benefits in many ways, the business is more likely to be profitable, have better cash flow and operate with less financial risk.</p> <p>d) In my opinion most micro-businesses do not practise bookkeeping; this is because they think it is time consuming or due to a lack of understanding the benefits of bookkeeping.</p> <p>e) Micro-businesses use the IFRS for SME's to account for their transactions.</p> <p>f) Micro-business enterprises are very small and consist of not more than 8 employees; the accounting practise that they follow is the IFRS for SME's.</p>

- g) It is the process of recording all financial transactions during the period of trading. All transactions are required to be recorded in the appropriate books in accordance with the IFRS for SME's.
- h) It is a process of keeping track of records for all transactions of the business.

TABLE 4.14: UNDERSTANDING OF ACCOUNTING PRACTICES FOR MICRO-BUSINESSES

Source: Primary data collected through KII during November – December, 2015

4.9 The importance of accounting practices for micro-business enterprises

According to Table 4.15 below, micro-businesses need to keep record of their transactions to enable them to have accurate records. This will help them to calculate their tax correctly and determine their profitability.

KII responses
<p>a) Micro-businesses need to keep record of their transactions to enable them to have accurate records. This will help them to calculate their tax and VAT correctly.</p> <p>b) For the business to grow, it must have proper accounting records that follow the correct practices to help track the progress of the company, as well as make appropriate business decisions.</p> <p>c) It is vital for business growth, because if business accounting is done more often, they can present their financials to the bank for financial assistance purposes.</p> <p>d) Keep track of income and expenditures.</p>

Allows management to be to make decisions to cut down on certain costs or close down non-performing departments.

Account and properly value their asset and liabilities.

e) Good accounting practice leads to accurate accounting records which leads to better decision making.

f) Accounting practices are essential for any business, regardless of its size; it is for that reason that it is of great importance.

g) Tax purposes: proper accounting records will help the business owners submit correct VAT returns to the receiver of revenue.

To keep proper accounting records for the owners to see the performance of the business.

h) It is important since it will assist them in improving on the accountability for growth.

**TABLE 4.15: IMPORTANCE OF ACCOUNTING PRACTICES FOR
MICRO-BUSINESSES ENTERPRISES**

**Source: Primary data collected through KII during November – December,
2015**

4.10 Making use or not of any accounting practices for bookkeeping purposes

Some key informants claimed that micro-business tended to focus on the fact that, as long as the company was trading, it did not matter if their assets were lower than the liabilities or if their books were not up to standard. This was mainly caused by the lack of accounting knowledge among micro-entrepreneurs. According to Table 4.16, it was

perceived that some owners did not understand the accounting element because most of them did not keep books to record their daily sales and expenses.

KII responses
a) Not really, micro-business tend to focus on the fact that as long as the company is trading, it does not matter if their assets are lower than the liabilities or if their books are not up to standard.
b) No, the process becomes tedious and then the cost outweigh the benefits.
c) No because they don't understand the importance of it.
d) Micro-business does not practice bookkeeping, this is because they think it's time consuming or due to lack of understanding the benefit of bookkeeping
e) No, most micro-business do not have the expertise and they are unwilling to invest money into accounting
f) No, most owners do not understand accounting element
g) No, I think most of them do not keep books to record their daily sales and expenses for the day.
h) Some I think they do. Those that don't probably grew without direct involvement of bookkeeping and don't see the need especially sole traders.

TABLE 4.16: THE USE OF ANY ACCOUNTING PRACTICES FOR BOOKKEEPING PURPOSES

Source: Primary data collected through KII during November – December, 2015

4.11 Micro-businesses do not practice best accounting record keeping when conducting their business

Micro-business requires proper training to educate owners about the value of keeping their books. They need to understand that this can reduce the possibility of getting their tax payable incorrect, help to avoid tax penalties and establish their profitability base, among others.

KII responses
a) Micro-business requires proper training to educate them on the value or keeping their books. They need to understand that this can reduce the possibility of getting their tax payable incorrect , avoid tax penalties, etc.
b) Introduce fines for improper recording of accounting information
c) The practitioners can charge lower fees and also they need to understand the importance of accounting record keeping
d) The importance and benefit that comes from bookkeeping should be communicated to macro lenders business owners. For those entities that obtain funds from the GRN it should be a requirement for them to have complete accounting records and financial statements on a yearly basis.
e) Emphasis the importance of record keeping, give them training highlighting the benefits of good accounting, most of the probably do not claim VAT because they lack the relevant accounting records.
f) More training should be encouraged

- g) They should be made aware of the importance of accounting practices, by offering them training or workshops to help them understand the whole concept of accounting practices.
- h) The law should enforce such actions as a requirement and also make them liable for any transactions when not complying.

TABLE 4.17: ENCOURAGEMENT TO PRACTICE BEST

AACCOUNTING RECORD KEEPING

Source: Primary data collected through KII during November – December, 2015

4.12 Reasons why micro-businesses do not open bank accounts

There were various reasons cited why most micro-business owners did not open bank accounts. According to Table 4.18, many would need to run away from bank charges and also to hide their cash flow, with the aim of avoiding tax. On the contrary, the respondents indicated that not paying tax was not the reason, but mainly that it was a very costly exercise. This would help them to make under-declarations of tax payments.

KII responses
a) Bank charges – micro-businesses believe it is high charges for no reason. The admin side of opening a bank account for a business.
b) Micro-businesses want to hide their cash flow which is a gateway to the receiver determining as to whether correct records have been prepared (Tax payable is correct).

- c) Most of them fear bank charges towards the little they make from their business and most of the feel it is not necessary if they have got cash vaults to keep their money safe.
- d) Micro-business do this to avoid tax as they know the receiver of revenue may audit their bank statement to ensure that the tax returns submitted are correct.
- e) Most of them feels that bank charges are high and they mostly deal with cash transactions, banking daily will be a costly exercise
- f) They don't understand the importance of bank accounts and they spend as they earn
- g) The fear for bank charges. They make little money of which they feel it's not worth kept at the bank.
- h) The fear of the unknown.

TABLE 4.18: REASONS WHY MICRO-BUSINESS DO NOT OPEN BANK ACCOUNTS

Source: Primary data collected through KII during November – December, 2015

4.13 Annual financial statements to be prepared for micro-business enterprises

An annual financial statements (income statement, balance sheet) should be prepared in accordance with IFRS for SMEs, and in this way they will be rendered valid. Table 4.19 clearly expresses the importance of the statement regarding the financial position, income statement and cash flow statement of the business.

KII responses
<p>a) Income Statement- this will be important to them to determine their profit or loss of the businesses.</p> <p>b) Balance sheet, Income statement and Cash flow statement, to determine the business's financial position and its profit and loss during the financial period.</p> <p>c) Annual Financial Statement (Income statement , Balance sheet) should be prepares in accordance with IFRS for SMEs</p> <p>d) Annual Financial statement needs to be prepared for the micro lenders to keep financial records and ensure the amounts used to calculate the tax returns are correct. This will help them avoid interest and penalties from the receiver of revenue and also keep track of their spending.</p> <p>e) Financial statement should comply with IFRS for SME's which a standard framework is. It will enable users (potential) partners / suppliers to make more informed decisions.</p> <p>f) All financial statement are important , Income statement cash flows and Statement of financial position</p> <p>g) Income statement, cash flow statement, to measure the performance of the business in terms of its profit or loss.</p> <p>h) Income and expenses are the most important in my view</p>

TABLE 4.19: IMPORTANCE OF PREPARING ANNUAL FINANCIAL STATEMENT

Source: Primary data collected through KII during November – December, 2015

4.14 Audited financial statements as a requirement for micro-business to venture into tender processes

Table 4.20 illustrates the views of the key informants on whether annual financial statements (income statement, balance sheet) should be prepared in accordance with IFRS for micro-businesses and in this way they would be rendered valid.

KII responses
a) Yes, this could ensure that the information provided by the micro-business is accurate and reasonable.
b) This would be an interesting one .It would be good but then again audit work requires a lot of cash outflow, companies may not have additional resources to see this through seeing that bare minimum is generated from them.
c) Yes, it ensures that micro-business are transparent.
d) Yes, this will encourage them to keep complete accounting records and also not to misstate any balance or amounts in their accounting records. This will result in economic growth job creation and increase in GDP.
e) Yes, to ensure that all expenditure incurred are accounted for and all expenditure incurred for and specific tender.
f) No, because most of them are being carried out as proprietorship
g) Yes, this will enable the tender board committee to see if the business is eligible to take up a certain tender based on its performance.
h) Yes, it validates the business strength for good governance

TABLE 4.20: AUDITED FINANCIAL STATEMENTS FOR MICRO-BUSINESS

**Source: Primary data collected through KII during November – December,
2015**

4.15 The main reasons why micro-business enterprises do not prepare their accounts

There were various reasons cited by key informants regarding the reasons why micro-businesses did not keep records. Table 4.21 cites a number of reasons why records were not kept, with specific focus on insufficient skills to do the accounts and the lack of accounting knowledge.

KII responses
a) They don't have time. No sufficient skills to do the accounts. They don't care. b) Not enough finances to assist in accounting system and personnel c) No expertise. They don't value the need to prepare the accounts d) Lack of understanding the benefit of bookkeeping e) Lack of expertise f) Lack of knowledge to do so g) Lack of knowledge and understanding They do not see the importance to do so They feel it's a waste of time h) Evasion of tax Limited understanding of the benefits

**TABLE 4.21: REASONS WHY MICRO-BUSINESS ENTERPRISE DO
NOT PREPARE THEIR ACCOUNTS**

Source: Primary data collected through KII during November– December, 2015

4.16 Suggestions to improve accounting practices for micro-business enterprises

It was primarily believed that hiring consultants to train the bookkeepers could be a solution to improve accounting practices. Secondments of trainee accountants to micro-businesses and employment of qualified accountants were also possible solutions that could be explored. Table 4.22 demonstrates the various options that could improve accounting practises.

KII responses
a) Training for micro-business finance departments Secondments of trainee accountant to micro-business
b) Employ right personnel as well as acquire equipment with which to assist personnel
c) Training for business owners. Hire educated personnel with knowledge of record keeping.
d) The only way to improve accounting records for micro lenders is through regulation. Micro lenders should be required to prepare and submit financial statements on a yearly basis.
e) To make it compulsory for every micro business owner to have a qualified accountant
f) Workshops and training from government of course for a minimal fee
g) Training to be offered at affordable cost. Hire qualified bookkeeping for the business.
Basic accounting classes to be offered to business owners.

h) Consider recruiting accountant for bookkeeping. Basic training for all micro-business owners on finances.
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TABLE 4.22: SUGGESTIONS TO IMPROVE ACCOUNTING PRACTICES

Source: Primary data collected through KII during November – December, 2015

4.17 Factors inhibiting the preparation of monthly management accounts in the micro-business

In order for accounting records to be accurate, there should be a pattern of recording which could, in most cases, be daily, weekly or monthly. The issue of time constraints, inadequate and inexperienced staff, as well as the lack of accounting knowledge, was perceived as a hindering factor. Table 4.23 demonstrates some factors that hindered the preparation of monthly management reports.

KII responses
a) Time, No adequate staff, Lack of accounting knowledge
b) Non availability of record trail, Knowledge of personnel to prepare accounting records
c) Time consuming, Lack of skills to keep accounting records
d) Because there are no regulation management does not really feel the need for the preparation and review of management accounts as they do not understand the benefit thereof and there is no financial institution body to report to
e) Owners do not see benefits of practising these
f) Knowledge to do so
g) Time constraints

Lack of understanding
h) Time, Business structure which are not clear, The nature of business and how they get their funds.

TABLE 4.23: MONTHLY MANAGEMENT ACCOUNTS

Source: Primary data collected through KII during November – December, 2015

4.18 Conclusion

This chapter focused on data analysis and presentation from the survey and key informant schedules. Quantitative data were analysed by using SPSS programme. The Creswell (2009) model was used to analyse interpret and interpret qualitative data with the aid of pie charts and histograms.

Conclusions and recommendations are presented in the next chapter. The qualitative analysis reflected that there was a need for the micro-businesses to engage in record keeping and prepare financial statements in line with the IASB as issued by the IFRS for SMEs. The IFRS was designed to make SMEs cope with accounting practices because it is user friendly. Due to the lack of accounting knowledge, it is beneficial that micro-business owners and their employees be provided with adequate training in order to enable them to acquire accounting knowledge and be able to keep proper accounting records.

CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The main purpose of carrying out the study was to investigate and analyse the application of accounting practices in micro-businesses inside and outside the incubator in Windhoek. The study aimed to find out the challenges faced by the sector and come up with solutions to address the prevailing problems.

5.2 Summary of the major findings

Generally, there is much that needs to be done by micro-enterprises in terms of the application of accounting practices, if these businesses are to be effective and flourish. There are accounting practices and processes put in place by the IASB. IFRS for SMEs to comply with the Accounting Standard Practices with less complexity were put in place; however, the micro-businesses were finding it difficult to maintain accounting records and prepare financial statements. It is, therefore, essential for this business sector to prepare financial statements to ascertain their net worth and profitability. It is highly necessary for these enterprises to remain in existence, as they are sources of employment to many and also contribute immensely to the national economy.

The results emanating from the findings have pointed out that micro-business enterprises did not keep proper accounting records. This made it difficult for them to prepare financial statements. It became difficult for them to ascertain the profitability of their business ventures, and to make viable operational decisions. The results also reflected that the majority of the micro-business enterprises did not have bank

accounts, and this made it difficult for the managers to account for receipts and payments.

5.3 Conclusions

The conclusions based on the research study findings are that the preparation of statements regarding the financial position of micro-businesses is essential, since it helps to determine the profitability of the enterprises. Receipts and payments have to be properly recorded if correct books of accounts are to be kept. There is a need to engage the services of consultants for the proper maintenance and preparation of financial statements and tax calculation purposes.

5.3.1 Research objective 1

To identify what accounting practices are commonly used by micro-business enterprises

It has been empirically proven that the majority of micro-business enterprises lacked accounting knowledge and, therefore, did not apply accounting practices. The IASB came up with accounting practices that micro-business enterprises should use for them to comply with international accounting standards. Despite all the efforts made, the micro-business enterprises were still lagging behind. The majority, constituting 83% of the respondents, did not keep records; the 7% that kept records used the sales day books, and information was recorded properly on a daily basis. Salaries and daily transactions of items and payments were not properly recorded. This was detrimental to the operation of the micro-businesses.

5.3.2 Research objective 2

To compare the accounting practices of micro-enterprises operating inside incubators and those operating from outside

Micro-business enterprises, whether they were in or outside the incubator centre, had the same challenges. The challenges that these organisations faced, were basically the same, regardless from where they were operating. There was not a significant difference in the application of accounting practices by micro-enterprises operating inside and those operating outside the incubators. The insignificant differences obtained signify and support the fact that micro-businesses lacked accounting knowledge, and that there was a need for micro-business enterprise owners and their employees to be thoroughly trained on the preparation of financial statements and keeping of proper accounting records. There was no significant difference between the micro-businesses operating in and those operating outside the incubators, since they were basically the same and operated in the same manner. The only difference was that some were operating inside and others outside the incubation centre.

5.3.3 Research objective 3

To provide suggestions on how to improve accounting practices of micro-enterprises

Research objective 3 aimed to provide suggestions and recommendations that could help to address the plight of micro-business enterprises. It is recommended that micro-business enterprises take advantage of the recommendations given in the following section (5.4) in order to address their problems.

5.4 Recommendations

Based on the findings of this study, the following are recommended:

- Micro-business enterprises must take advantage of the IFRS for SMEs issued by the IASB to help them improve and comply with the accounting practice standards. The IFRS is user friendly for the micro-business enterprises sector, since it is designed to meet their needs.
- Internal recording of all financial transactions is essential to ascertain the proper keeping of accounting records in the micro-business sector.
- There is a need for owner/managers to attend short courses offered through the Namibia Chamber of Commerce and Industry (NCCI) to enable them to acquire adequate accounting knowledge and skills in order to maintain accurate financial records.
- The micro-business enterprises need to make use of bookkeeping companies who are able to help them to prepare financial statements and also provide professional advice on the running of the business entities. It is affordable to engage the services of consultants who will work on a part time basis, compared to engaging the services of full time, in-house accountants.
- It is recommended that cash received should be properly managed. There is a need to avoid making payments from daily takings, as all cash received should be banked, and payments should be effected by electronic transfers or cheques.
- Financial discipline and accountability are highly recommended in the micro-business sector, if the sector should grow.

- Preparation of the financial statements, that is the income statements and balance sheets, is recommended in order to establish the financial performance of the enterprises, the profitability, as well as the net worth of the business.

5.6 Directions for future research

Research is a continuous process. This research study recommends that further research should be undertaken to determine other variables not covered in the scope of this study but which are relevant and contribute to the achievement of the objectives of micro-business enterprises.

- Similar research may be conducted in areas not covered by this research.
- Further research employing a different methodology and a widening of scope to cover a larger population is recommended.
- A further study complementing the current study is recommended.

5.7 General overview

This research makes a worthwhile contribution to micro-business enterprises, since most of the enterprises lack accounting knowledge. The study will help micro-business enterprises to value the importance of keeping accounting records and preparing financial statements to establish the financial position of the business.

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ANNEXURE 1: QUESTIONNAIRE

**A comparative analysis of Accounting practices of micro-business in Windhoek:
A case study of micro-businesses in incubators and those outside the incubators',
in partial fulfillment of the requirement of the studies.**

I, **Paulina HR Nepaya** a Masters of Accounting and Finance student at the University of Namibia, as part of academic requirement for a master degree in Accounting and Finance I am conducting research on the above topic.

In order for the study to be successful, I would like to seek your assistance in this academic venture by answering the questionnaire attached. The information being collected will ONLY be used for this academic work and is entirely confidential.

Your cooperation and assistance in this regard will be highly appreciated.

SECTIONS COVERED IN THE QUESTIONNAIRE

Section: A Respondent's demographic information/profile

Section: B Educational /level of study

Section: C Profile of the business entity

Section: D Accounting record practices

Section E Perception about performance measurement

Questionnaire

SECTION: (A) RESPONDENT'S DEMOGRAPHIC INFORMATION/PROFILE

Instruction: Tick in the appropriate box

1. Age group

Age		
1	18-21	
2	22-25	
3	26-29	
4	30-33	
5	34+	

2. Gender

Gender		
1	Male	
2	Female	

3. Home language

Language		
1	Afrikaans	
2	Damara/Nama	
3	English	
4	German	
5	Herero	
6	Oshiwambo	
7	Rukwangali	
8	Other	

4. Micro-enterprise Ownership (Nationality)

Nationality		
1	Namibian	
2	None Namibian	
3	Joint	

SECTION: (B) EDUCATIONAL /LEVEL OF STUDY**Instruction: Tick in the appropriate box**

5. Education and training background of owners

Level of education		
1	Elementary	
2	Secondary	
3	Tertiary	

6. Specific Accounting education/qualification

Qualification		
1	Basic Accounting (certified)	
2	Certificate in Accounting	
3	Diploma in Accounting	
4	Degree in Accounting	
5	Other relevant qualification Specify:	

SECTION: (C) PROFILE OF THE BUSINESS ENTITY**Instruction: Tick in the appropriate box**

7. Micro-business enterprise ownership (Form)

Form of Ownership		
1	Sole proprietorship	
2	Partnership	
3	Family	
4	Close Corporation	

8. Nature of Business: what type of business do you operate?

Type of Business		
1	Retail	
2	Wholesale	
3	Services	
4	Manufacturing	

Specify the type of business:

9. Is your business registered as a micro-business?

Status		
1	Yes	

2	No	
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If yes, which body and the reasons? And if no, state the reasons?

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10. How many years have your business operated?

Years of business operation		
1	Less than 1 year	
2	1-5	
3	6-10	
4	11+	

11. How many people are employed by your business?

Number of employees		
1	1-3	
2	4-6	
3	7-9	
4	10+	

12. Is your business registered with the Ministry of Finance for either of the below?

Business registration			
1	Tax		
2	Income Tax		
3	Export Tax		

13. Do you have a separate bank account for the business?

Business bank account		
1	Yes	
2	No	

If not for question 13, state the reasons for not having a bank account.

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14. How do you finance your business?

Business financing		
1	Bank loan	
2	Family assistance	
3	Own capital	

SECTION: (D) ACCOUNTING RECORD PRACTICES

Instruction: Tick the appropriate box

15. Do you maintains accounting record?

Accounting records		
1	Yes	
2	No	

16. If yes for question 15, how do you capture your daily records?

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17. What do you think are the reasons why accounting records are not kept

Reasons		
1	It is time consuming	
2	It is expensive	
3	It requires technical skills & knowledge	
4	It requires more staff	
5	It exposes your financial position	
6	It makes your enterprise to pay more tax	
7	There is no need to keep accounting records	
8	It is difficult to maintain the system	

18. According to your experience, which challenges do you think micro-business face in keeping proper accounting records?

Challenges		
1	Lack of accounting knowledge	
2	Cost and time constraints	
3	Lack of guiding accounting rules	
4	Other	

19. According to your experience, what do you think are the reasons for micro-businesses not keeping proper written accounting records?

Reasons for not keeping records		
1	I don't know how to keep proper records	
2	Its time consuming	
3	I keep them in my head and don't see the reasons to capture them	

4	I own the business and thus don't have to keep any records	
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20. Which accounting books do you use for your record keeping?

Books		
1	Sales day Book	
2	Purchase day book	
3	Cash Book	
4	Petty Cash book	
5	Payroll Record	
6	Asset register	
7	Expenditure book	

21. Which Annual Financial statement do you prepare in your business

Financial Statement		
1	Income Statement	
2	Statement of Financial Position	
3	Cash Flow Statement	
4	Any other (specify)	

22. State which control of Cash receipt you keep in your business?

Controls		
1	Banked daily	
2	Keep in cash vault	
3	Owner personal safe keeping	
4	Bank after a trade cycle	
5	Daily payment to suppliers	

23. Who prepares your accounts?

Options		
1	Consultant	
2	Accounting staff	
3	Owner of Business	
4	Others (Specify)	

24. What are the reasons for preparing accounts

Reasons		
1	Profit determination	
2	Tax purposes	
3	Control purposes	
4	Bank loan	

25. Which of the below will improve accounting practices of micro-business enterprise?

Suggestions		
1	Bookkeeping training	
2	Hire consultants at reduced fees	
3	Micro-business enterprises accounting guidelines	
4	Mandatory record keeping	
5	Reduction of family interference	

26. Do you make any use of budgeting in Business Operations?

Budgeting operation		
1	Not at all	
2	All the time	
3	Occasionally	

27. What is the time- lag between credit sales and receipt of cash

Credit Sales Time-Lag		
1	1 to 2 Weeks	
2	3 to 4 Weeks	
3	5 to 8 Weeks	
4	9+ Weeks	
5	N/A	

28. What is the time –lag between credit purchases and payment to creditors?

Credit Purchase Time-Lag		
1	1 to 2 Weeks	
2	3 to 4 Weeks	
3	5 to 8 Weeks	
4	9+ weeks	
5	N/A	

29. What is the Policy on paying operating expenses?

Paying operating expenses		
1	Pay as and when they arise	
2	Pay as and when there is cash	
3	Pay only according to a plan of payment	
4	Pay only after a trade cycle is completed	

30. Which mode of paying expenses do you mostly make use of?

Payment mode		
1	Cash	
2	Cheque	
3	Letters of credit	
4	Banker's draft	

31. Do you make use of Credit Purchases?

Credit Purchases		
1	Yes	
2	No	

32. Which Purchases procedures do you make use of?

Purchases Procedures		
1	Use of Tickler files	
2	Regular order frequency	
3	Irregular Order Frequency	
4	Use of order form to place an order	
5	Employees placing the orders	
6	Inspection of quantity and specification	

33. Which Credit Sales procedure do you make use of?

Procedures		
1	Use of Tickler files	
2	Regular customers offered credit sales	
3	Irregular customers offered credit sales	
4	Daily Tallying of collection with sales	

SECTION: (E) PERCEPTION ABOUT PERFORMANCE MEASUREMENT

34. Perception of Micro-enterprises owners towards record keeping practices

Perceptions		
1	Keeping record add unnecessary cost of my business	
2	Record keeping is a time consuming exercise	
3	Record keeping bring efficiency on business management	
4	Record keeping help to minimize tax burden of my business	

5	Record keeping help determine profit of my business	
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35. What is your Prediction of cost of future business operations?

Mode of predicting Future cost		
1	From business trend, news and competitors	
2	From cash forecast and budget prepared	
3	Only sell by daily contact with many suppliers on prices	
4	Not applicable	

ANNEXURE 2: INTERVIEW SCHEDULE

Title A comparative analysis of accounting practices of micro-business in Windhoek:
A case study of micro-businesses in incubators and those outside the incubators.

Topic: Key informants (respondents)

I, the undersigned respondent, hereby declare that I understand the purpose of this study and have been informed that the information I have provided will only be used for this purpose and that under no circumstance will any of my particulars be linked with any information that I provide. I also know that I can withdraw from participating at any time.

I, therefore, willingly consent to participate in the discussion on the above mentioned topic.

Participant's organization: _____

Participant's level of education:

Signed at _____ on the _____ day of _____ 2015

Signature: _____

1. What is your understanding of accounting practices for micro-businesses?

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2. Briefly explain the importance of accounting practices for micro-businesses enterprises?

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3. In your view, do you think micro-businesses enterprises make use of any accounting practices for bookkeeping purposes and if so, why? If not why not?
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-
4. It is believed that the micro-businesses do not practice best accounting record keeping when conducting their businesses. What do you think should be done to encourage them to do so?
-
-
5. What are the reasons as to why micro-business do not open bank accounts?
-
-
6. In your view, should audited financial statements be a requirement for micro-business to venture in tender processes? (Explain why)
-
-
7. What do you think are the main reasons why micro-business enterprise do not prepare their accounts?
-
-
8. What annual financial statement should be prepared for micro-businesses enterprise and why is it important for them?
-
-

9. Suggestions to improve accounting practices for micro-business enterprises

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10. What could be the factors inhibiting the preparation of monthly management accounts in the micro-business?

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ANNEXURE 3: ONE- WAY ANOVA STATISTICAL RESULTS

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Cost and Time Constraints	Between Groups	.006	1	.006	.026	.874
	Within Groups	9.369	38	.247		
	Total	9.375	39			
Lack of Accounting Rules	Between Groups	.158	1	.158	.651	.425
	Within Groups	9.217	38	.243		
	Total	9.375	39			
Other challenges	Between Groups	.057	1	.057	.500	.484
	Within Groups	4.318	38	.114		
	Total	4.375	39			
I don't know how to keep proper records	Between Groups	.000	1	.000	.000	1.000
	Within Groups	10.000	38	.263		
	Total	10.000	39			
It is Time Consuming Reason	Between Groups	.171	1	.171	.726	.399
	Within Groups	8.929	38	.235		
	Total	9.100	39			
I keep them in my head and I don't see the reasons to capture them	Between Groups	.111	1	.111	.617	.437
	Within Groups	6.864	38	.181		
	Total	6.975	39			
I own the business and thus don't have to keep any records	Between Groups	.346	1	.346	2.420	.128
	Within Groups	5.429	38	.143		
	Total	5.775	39			

Sales day Book	Between Groups	.158	1	.158	.651	.425
	Within Groups	9.217	38	.243		
	Total	9.375	39			
Purchase day book	Between Groups	.384	1	.384	1.923	.174
	Within Groups	7.591	38	.200		
	Total	7.975	39			
Cash book	Between Groups	.243	1	.243	.948	.337
	Within Groups	9.732	38	.256		
	Total	9.975	39			
Petty Cash Book	Between Groups	.259	1	.259	1.600	.214
	Within Groups	6.141	38	.162		
	Total	6.400	39			
Payroll Records	Between Groups	.292	1	.292	2.307	.137
	Within Groups	4.808	38	.127		
	Total	5.100	39			
Asset Register	Between Groups	15.406	1	15.406	1.539	.222
	Within Groups	380.369	38	10.010		
	Total	395.775	39			
Expenditure Book	Between Groups	.111	1	.111	.617	.437
	Within Groups	6.864	38	.181		
	Total	6.975	39			
Income Statement	Between Groups	.082	1	.082	.317	.577
	Within Groups	9.818	38	.258		
	Total	9.900	39			

Statement of Financial Position	Between Groups	1.002	1	1.002	7.980	.007
	Within Groups	4.773	38	.126		
	Total	5.775	39			
Cash Flow statement	Between Groups	.171	1	.171	.726	.399
	Within Groups	8.929	38	.235		
	Total	9.100	39			
Any Other Financial statement	Between Groups	.004	1	.004	.043	.837
	Within Groups	3.596	38	.095		
	Total	3.600	39			
No Financial statement	Between Groups	.134	1	.134	.900	.349
	Within Groups	5.641	38	.148		
	Total	5.775	39			
Banked daily	Between Groups	.820	1	.820	3.919	.055
	Within Groups	7.955	38	.209		
	Total	8.775	39			
Keep in Cash Vault	Between Groups	.002	1	.002	.015	.903
	Within Groups	5.773	38	.152		
	Total	5.775	39			
Owner Personl safe keeping	Between Groups	.631	1	.631	3.493	.069
	Within Groups	6.869	38	.181		
	Total	7.500	39			
Bank After a Trade Cycle	Between Groups	.134	1	.134	.587	.448
	Within Groups	8.641	38	.227		
	Total	8.775	39			
daily payment to suppliers	Between Groups	.736	1	.736	6.413	.016

	Within Groups	4.364	38	.115		
	Total	5.100	39			
Consultant	Between Groups	.511	1	.511	5.029	.031
	Within Groups	3.864	38	.102		
	Total	4.375	39			
Accounting staff	Between Groups	.009	1	.009	.068	.796
	Within Groups	5.091	38	.134		
	Total	5.100	39			
Owner of Busniess	Between Groups	.346	1	.346	1.558	.220
	Within Groups	8.429	38	.222		
	Total	8.775	39			
Other option	Between Groups	.012	1	.012	.170	.682
	Within Groups	2.763	38	.073		
	Total	2.775	39			
Profit Determination	Between Groups	.227	1	.227	1.187	.283
	Within Groups	7.273	38	.191		
	Total	7.500	39			
tax purposes	Between Groups	.534	1	.534	2.371	.132
	Within Groups	8.566	38	.225		
	Total	9.100	39			
Control Purposes	Between Groups	.004	1	.004	.016	.900
	Within Groups	9.596	38	.253		
	Total	9.600	39			
Bank Loan Reasons for preparing accounts	Between Groups	.111	1	.111	.617	.437
	Within Groups	6.864	38	.181		

	Total	6.975	39			
Bookkeeping Training	Between Groups	.879	1	.879	5.480	.025
	Within Groups	6.096	38	.160		
	Total	6.975	39			
Hire consultants at reduced fees	Between Groups	.082	1	.082	1.710	.199
	Within Groups	1.818	38	.048		
	Total	1.900	39			
Micro-business Enterprises accounting guidelines	Between Groups	.073	1	.073	.319	.576
	Within Groups	8.702	38	.229		
	Total	8.775	39			
Mandatory Record Keeping	Between Groups	.158	1	.158	1.422	.240
	Within Groups	4.217	38	.111		
	Total	4.375	39			
Reduction of Family Interference	Between Groups	.220	1	.220	1.008	.322
	Within Groups	8.087	37	.219		
	Total	8.308	38			
Not at all	Between Groups	.004	1	.004	.043	.837
	Within Groups	3.596	38	.095		
	Total	3.600	39			
All the time	Between Groups	.000	1	.000	.000	1.000
	Within Groups	10.000	38	.263		
	Total	10.000	39			
Occasionally	Between Groups	.004	1	.004	.016	.900
	Within Groups	9.596	38	.253		
	Total	9.600	39			

Credit Sales Time-Lag	Between Groups	.467	1	.467	.218	.643
	Within Groups	81.308	38	2.140		
	Total	81.775	39			
Credit Purchase time lag	Between Groups	.511	1	.511	.174	.679
	Within Groups	111.864	38	2.944		
	Total	112.375	39			
Pay as and when they arise	Between Groups	.049	1	.049	.208	.651
	Within Groups	9.051	38	.238		
	Total	9.100	39			
Pay only according to a plan of payment	Between Groups	.467	1	.467	2.136	.152
	Within Groups	8.308	38	.219		
	Total	8.775	39			
Pay only according to plan of payment	Between Groups	.709	1	.709	2.973	.093
	Within Groups	9.066	38	.239		
	Total	9.775	39			
pay only after a trade cycle is completed	Between Groups	.006	1	.006	.055	.816
	Within Groups	4.369	38	.115		
	Total	4.375	39			
Cash Payment mode	Between Groups	.004	1	.004	.043	.837
	Within Groups	3.596	38	.095		
	Total	3.600	39			
Cheque Payment mode	Between Groups	.940	1	.940	5.916	.020
	Within Groups	6.035	38	.159		
	Total	6.975	39			

Letters of Credit	Between Groups	.000	1	.000	.	.
	Within Groups	.000	38	.000		
	Total	.000	39			
bankers draft	Between Groups	.000	1	.000	.	.
	Within Groups	.000	38	.000		
	Total	.000	39			
Credit Purchases	Between Groups	.036	1	.036	.165	.687
	Within Groups	8.364	38	.220		
	Total	8.400	39			
Use of Tickler files	Between Groups	.043	1	.043	.594	.446
	Within Groups	2.732	38	.072		
	Total	2.775	39			
Regular order frequency	Between Groups	.582	1	.582	2.828	.101
	Within Groups	7.818	38	.206		
	Total	8.400	39			
Irregular Order Frequency	Between Groups	.002	1	.002	.010	.921
	Within Groups	8.773	38	.231		
	Total	8.775	39			
Use of order form to place an order	Between Groups	.111	1	.111	.538	.468
	Within Groups	7.864	38	.207		
	Total	7.975	39			
Employees Placing the Orders	Between Groups	.227	1	.227	1.187	.283
	Within Groups	7.273	38	.191		
	Total	7.500	39			
Inspection of quantity and specification	Between Groups	.020	1	.020	.814	.373

	Within Groups	.955	38	.025		
	Total	.975	39			
Use of Tickler Files	Between Groups	.004	1	.004	.043	.837
	Within Groups	3.596	38	.095		
	Total	3.600	39			
Regular Customers offered credit sales	Between Groups	.184	1	.184	.729	.398
	Within Groups	9.591	38	.252		
	Total	9.775	39			
Irregular Customers offered credit sales	Between Groups	.036	1	.036	.217	.644
	Within Groups	6.364	38	.167		
	Total	6.400	39			
Daily Tallying of collection with sales	Between Groups	.134	1	.134	.900	.349
	Within Groups	5.641	38	.148		
	Total	5.775	39			
Keeping record add unnecessary cost of my business	Between Groups	.171	1	.171	.726	.399
	Within Groups	8.929	38	.235		
	Total	9.100	39			
Record keeping is a time consuming exercise	Between Groups	.016	1	.016	.096	.758
	Within Groups	6.384	38	.168		
	Total	6.400	39			
Record keeping bring efficiency on business management	Between Groups	1.346	1	1.346	6.067	.018
	Within Groups	8.429	38	.222		
	Total	9.775	39			
Record Keeping help to minimize tax burden of my business	Between Groups	.384	1	.384	1.923	.174
	Within Groups	7.591	38	.200		

	Total	7.975	39			
Record Keeping help determine profit of my business	Between Groups	.657	1	.657	2.679	.110
	Within Groups	9.318	38	.245		
	Total	9.975	39			
From business trend, news and competitors	Between Groups	.049	1	.049	.190	.666
	Within Groups	9.643	37	.261		
	Total	9.692	38			
From cash forecast and budget prepared	Between Groups	.227	1	.227	1.187	.283
	Within Groups	7.273	38	.191		
	Total	7.500	39			
Only sell by daily contact with many suppliers on prices	Between Groups	.025	1	.025	.128	.722
	Within Groups	7.475	38	.197		
	Total	7.500	39			
Not applicable mode of predicting future cost	Between Groups	.259	1	.259	1.600	.214
	Within Groups	6.141	38	.162		
	Total	6.400	39			
Inside or Outside Incubator	Between Groups	.404	1	.404	1.600	.214
	Within Groups	9.596	38	.253		
	Total	10.000	39			

ANNEXURE 4: FREQUENCY TABLE

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	22-25	6	15.0	15.0	15.0
	26-29	6	15.0	15.0	30.0
	30-33	8	20.0	20.0	50.0
	34+	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	21	52.5	52.5	52.5
	female	19	47.5	47.5	100.0
	Total	40	100.0	100.0	

home language

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Afrikaans	1	2.5	2.5	2.5
	Damara/Nama	1	2.5	2.5	5.0
	English	4	10.0	10.0	15.0
	Herero	6	15.0	15.0	30.0
	Oshiwambo	25	62.5	62.5	92.5
	Rukwangali	1	2.5	2.5	95.0
	Other	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Micro-enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Namibian	36	90.0	90.0	90.0
	Non-Namibian	1	2.5	2.5	92.5
	Joint	3	7.5	7.5	100.0
	Total	40	100.0	100.0	

Educational level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Elementary	4	10.0	10.0	10.0
	Secondary	18	45.0	45.0	55.0
	Tertiary	18	45.0	45.0	100.0
	Total	40	100.0	100.0	

Accounting qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Basic Accounting (Certified)	4	10.0	10.0	10.0
	Certificate in Accounting	2	5.0	5.0	15.0
	Diploma in Accounting	2	5.0	5.0	20.0
	Degree in Accounting	1	2.5	2.5	22.5
	Other relevant qualification	31	77.5	77.5	100.0
	Total	40	100.0	100.0	

Business Enterprise Ownership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole proprietorship	13	32.5	32.5	32.5
	Partnership	7	17.5	17.5	50.0
	Family	2	5.0	5.0	55.0
	Close Corporation	18	45.0	45.0	100.0
	Total	40	100.0	100.0	

Type of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Retail	8	20.0	20.0	20.0
	Wholesale	1	2.5	2.5	22.5
	Services	18	45.0	45.0	67.5
	Manufacturing	13	32.5	32.5	100.0
	Total	40	100.0	100.0	

Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	62.5	62.5	62.5
	No	15	37.5	37.5	100.0
	Total	40	100.0	100.0	

years of business operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than year	4	10.0	10.0	10.0
	1-5	15	37.5	37.5	47.5
	6-10	10	25.0	25.0	72.5
	11+	11	27.5	27.5	100.0
	Total	40	100.0	100.0	

Number of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3	23	57.5	57.5	57.5
	4-6	11	27.5	27.5	85.0
	7-9	4	10.0	10.0	95.0
	10+	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Tax Registration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	62.5	62.5	62.5
	No	15	37.5	37.5	100.0
	Total	40	100.0	100.0	

Income tax registration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	35.0	35.0	35.0
	No	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

Export Tax Registration

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.0	10.0	10.0
	No	36	90.0	90.0	100.0
	Total	40	100.0	100.0	

Business Bank Account

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	67.5	67.5	67.5
	No	13	32.5	32.5	100.0
	Total	40	100.0	100.0	

Bank Loan Financing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	12.5	12.5	12.5
	No	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

Family Assistance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.0	10.0	10.0
	No	36	90.0	90.0	100.0
	Total	40	100.0	100.0	

Own Capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	32	80.0	80.0	80.0
	No	8	20.0	20.0	100.0
	Total	40	100.0	100.0	

Accounting records

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	31	77.5	77.5	77.5
	No	9	22.5	22.5	100.0
	Total	40	100.0	100.0	

It is time consuming

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	45.0	45.0	45.0
	No	22	55.0	55.0	100.0
	Total	40	100.0	100.0	

It is expensive

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	27.5	27.5	27.5
	No	29	72.5	72.5	100.0
	Total	40	100.0	100.0	

It requires technical skills and Knowledge

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	50.0	50.0	50.0
	no	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

It requires more staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	27.5	27.5	27.5
	No	29	72.5	72.5	100.0
	Total	40	100.0	100.0	

It exposes your financial position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	12.5	12.5	12.5
	No	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

It makes your enterprise to pay more tax

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	12.5	12.5	12.5
	No	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

There is no need to keep accounting records

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	2	5.0	5.0	5.0
	No	38	95.0	95.0	100.0
	Total	40	100.0	100.0	

It is difficult to maintain the system

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	45.0	45.0	45.0
	No	22	55.0	55.0	100.0
	Total	40	100.0	100.0	

Lack of accounting knowledge

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	55.0	55.0	55.0
	No	18	45.0	45.0	100.0
	Total	40	100.0	100.0	

Cost and Time Constraints

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	15	37.5	37.5	37.5
	No	25	62.5	62.5	100.0
	Total	40	100.0	100.0	

Lack of Accounting Rules

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	15	37.5	37.5	37.5
	No	25	62.5	62.5	100.0
	Total	40	100.0	100.0	

Other challenges

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	12.5	12.5	12.5
	No	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

I don't know how to keep proper records

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	50.0	50.0	50.0
	No	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

It is Time Consuming Reason

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	35.0	35.0	35.0
	No	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

I keep them in my head and I don't see the reasons to capture them

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	22.5	22.5	22.5
	No	31	77.5	77.5	100.0
	Total	40	100.0	100.0	

I own the business and thus don't have to keep any records

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	17.5	17.5	17.5
	no	33	82.5	82.5	100.0
	Total	40	100.0	100.0	

Sales day Book

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	62.5	62.5	62.5
	No	15	37.5	37.5	100.0
	Total	40	100.0	100.0	

Purchase day book

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	11	27.5	27.5	27.5
	No	29	72.5	72.5	100.0
	Total	40	100.0	100.0	

Cash book

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	21	52.5	52.5	52.5
	no	19	47.5	47.5	100.0
	Total	40	100.0	100.0	

Petty Cash Book

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	20.0	20.0	20.0
	No	32	80.0	80.0	100.0
	Total	40	100.0	100.0	

Payroll Records

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	15.0	15.0	15.0
	No	34	85.0	85.0	100.0
	Total	40	100.0	100.0	

Asset Register

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	3	7.5	7.5	7.5
	No	36	90.0	90.0	97.5
	22	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

Expenditure Book

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	22.5	22.5	22.5
	No	31	77.5	77.5	100.0
	Total	40	100.0	100.0	

Income Statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	55.0	55.0	55.0
	No	18	45.0	45.0	100.0
	Total	40	100.0	100.0	

Statement of Financial Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	17.5	17.5	17.5
	No	33	82.5	82.5	100.0
	Total	40	100.0	100.0	

Cash Flow statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	35.0	35.0	35.0
	No	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

Any Other Financial statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.0	10.0	10.0
	No	36	90.0	90.0	100.0
	Total	40	100.0	100.0	

No Financial statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	7	17.5	17.5	17.5
	No	33	82.5	82.5	100.0
	Total	40	100.0	100.0	

Banked daily

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	32.5	32.5	32.5
	No	27	67.5	67.5	100.0
	Total	40	100.0	100.0	

Keep in Cash Vault

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	17.5	17.5	17.5
	no	33	82.5	82.5	100.0
	Total	40	100.0	100.0	

Owner Personal safe keeping

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	25.0	25.0	25.0
	No	30	75.0	75.0	100.0
	Total	40	100.0	100.0	

Bank After a Trade Cycle

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	32.5	32.5	32.5
	No	27	67.5	67.5	100.0
	Total	40	100.0	100.0	

daily payment to suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	15.0	15.0	15.0
	No	34	85.0	85.0	100.0
	Total	40	100.0	100.0	

Consultant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	12.5	12.5	12.5
	No	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

Accounting staff

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	15.0	15.0	15.0
	No	34	85.0	85.0	100.0
	Total	40	100.0	100.0	

Owner of Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	67.5	67.5	67.5
	No	13	32.5	32.5	100.0
	Total	40	100.0	100.0	

Other option

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	3	7.5	7.5	7.5
	No	37	92.5	92.5	100.0
	Total	40	100.0	100.0	

Profit Determination

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	30	75.0	75.0	75.0
	no	10	25.0	25.0	100.0
	Total	40	100.0	100.0	

Tax purposes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	35.0	35.0	35.0
	No	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

Control Purposes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	40.0	40.0	40.0
	No	24	60.0	60.0	100.0
	Total	40	100.0	100.0	

Bank Loan Reasons for preparing accounts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	22.5	22.5	22.5
	No	31	77.5	77.5	100.0
	Total	40	100.0	100.0	

Bookkeeping Training

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	31	77.5	77.5	77.5
	No	9	22.5	22.5	100.0
	Total	40	100.0	100.0	

Hire consultants at reduced fees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	2	5.0	5.0	5.0
	No	38	95.0	95.0	100.0
	Total	40	100.0	100.0	

Micro-business Enterprises accounting guidelines

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	32.5	32.5	32.5
	No	27	67.5	67.5	100.0
	Total	40	100.0	100.0	

Mandatory Record Keeping

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	12.5	12.5	12.5
	No	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

Reduction of Family Interference

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	30.0	30.8	30.8
	no	27	67.5	69.2	100.0
	Total	39	97.5	100.0	
Missing	System	1	2.5		
Total		40	100.0		

Not at all

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.0	10.0	10.0
	No	36	90.0	90.0	100.0
	Total	40	100.0	100.0	

All the time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	50.0	50.0	50.0
	no	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

Occasionally

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	40.0	40.0	40.0
	No	24	60.0	60.0	100.0
	Total	40	100.0	100.0	

Credit Sales Time-Lag

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 2 weeks	19	47.5	47.5	47.5
	2 - 4 weeks	9	22.5	22.5	70.0
	5 - 8 weeks	3	7.5	7.5	77.5
	9+ weeks	4	10.0	10.0	87.5
	N/A	5	12.5	12.5	100.0
	Total	40	100.0	100.0	

Credit Purchase time lag

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 2 weeks	12	30.0	30.0	30.0
	2 to 4 weeks	9	22.5	22.5	52.5
	5-8 weeks	5	12.5	12.5	65.0
	N/A	14	35.0	35.0	100.0
	Total	40	100.0	100.0	

Pay as and when they arise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	35.0	35.0	35.0
	No	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

Pay only according to a plan of payment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	13	32.5	32.5	32.5
	No	27	67.5	67.5	100.0
	Total	40	100.0	100.0	

Pay only according to plan of payment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	17	42.5	42.5	42.5
	No	23	57.5	57.5	100.0
	Total	40	100.0	100.0	

pay only after a trade cycle is completed

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	5	12.5	12.5	12.5
	no	35	87.5	87.5	100.0
	Total	40	100.0	100.0	

Cash Payment mode

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	90.0	90.0	90.0
	No	4	10.0	10.0	100.0
	Total	40	100.0	100.0	

Cheque Payment mode

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	22.5	22.5	22.5
	No	31	77.5	77.5	100.0
	Total	40	100.0	100.0	

Letters of Credit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	40	100.0	100.0	100.0

bankers draft

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	40	100.0	100.0	100.0

Credit Purchases

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	30.0	30.0	30.0
	No	28	70.0	70.0	100.0
	Total	40	100.0	100.0	

Use of Tickler files

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	3	7.5	7.5	7.5
	No	37	92.5	92.5	100.0
	Total	40	100.0	100.0	

Regular order frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	30.0	30.0	30.0
	No	28	70.0	70.0	100.0
	Total	40	100.0	100.0	

Irregular Order Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ye	13	32.5	32.5	32.5
	No	27	67.5	67.5	100.0
	Total	40	100.0	100.0	

Use of order form to place an order

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	11	27.5	27.5	27.5
	no	29	72.5	72.5	100.0
	Total	40	100.0	100.0	

Employees Placing the Orders

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	10	25.0	25.0	25.0
	no	30	75.0	75.0	100.0
	Total	40	100.0	100.0	

Inspection of quantity and specification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	1	2.5	2.5	2.5
	no	39	97.5	97.5	100.0
	Total	40	100.0	100.0	

Use of Tickler Files

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	10.0	10.0	10.0
	No	36	90.0	90.0	100.0
	Total	40	100.0	100.0	

Regular Customers offered credit sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	17	42.5	42.5	42.5
	No	23	57.5	57.5	100.0
	Total	40	100.0	100.0	

Irregular Customers offered credit sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	8	20.0	20.0	20.0
	No	32	80.0	80.0	100.0
	Total	40	100.0	100.0	

Daily Tallying of collection with sales

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	7	17.5	17.5	17.5
	no	33	82.5	82.5	100.0
	Total	40	100.0	100.0	

Keeping record add unnecessary cost of my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	14	35.0	35.0	35.0
	no	26	65.0	65.0	100.0
	Total	40	100.0	100.0	

Record keeping is a time consuming exercise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	20.0	20.0	20.0
	No	32	80.0	80.0	100.0
	Total	40	100.0	100.0	

Record keeping bring efficiency on business management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	17	42.5	42.5	42.5
	No	23	57.5	57.5	100.0
	Total	40	100.0	100.0	

Record Keeping help to minimize tax burden of my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	11	27.5	27.5	27.5
	No	29	72.5	72.5	100.0
	Total	40	100.0	100.0	

Record Keeping help determine profit of my business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	47.5	47.5	47.5
	No	21	52.5	52.5	100.0
	Total	40	100.0	100.0	

From business trend, news and competitors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	45.0	46.2	46.2
	No	21	52.5	53.8	100.0
	Total	39	97.5	100.0	
Missing	System	1	2.5		
Total		40	100.0		

From cash forecast and budget prepared

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	10	25.0	25.0	25.0
	No	30	75.0	75.0	100.0
	Total	40	100.0	100.0	

Only sell by daily contact with many suppliers on prices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	10	25.0	25.0	25.0
	No	30	75.0	75.0	100.0
	Total	40	100.0	100.0	

Not applicable mode of predicting future cost

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid yes	8	20.0	20.0	20.0
No	32	80.0	80.0	100.0
Total	40	100.0	100.0	

Inside or Outside Incubator

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Inside incubator	20	50.0	50.0	50.0
Outside incubator	20	50.0	50.0	100.0
Total	40	100.0	100.0	