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SMEs Management in Tanzania: Skills and Attitudes Towards Financial Records Management

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Abstract

This study focused on analysis of deficiencies in financial records management among small and medium enterprises in Tanzania. The researchers performed literature review and a focus group discussion with experts and officials from various organizations concerned with promotion and regulation of SMEs.

The study found that only 30% of SMEs under study have adequate skills in financial records management. Furthermore 70% of SMEs entrepreneurs perceive that they cannot afford services of accounting experts, and actually do not use accounting experts rather they do manage their own financial records, prepare accounts and other financial reports despite the fact that they have limited skills in account. Results of survey depict that the majority of SMEs entrepreneurs have positive attitude towards financial records keeping discipline, though they might not be following financial reporting standards or formats. The study also found out that more than 80% of respondent always or often keeps records for key elements of business financial reporting like revenues, expenses, assets and liabilities.

The study findings therefore provide sufficient evidence that inadequacy of skills and non-utilization of accounting experts in view that they not affordable and is a major cause for deficiencies in financial records management amongst SMEs in Tanzania. The researchers therefore, recommends that government organs, business development institutions and trainers should facilitate training and consultancy services to active SMEs entrepreneurs in financial records management.

Key Words: *SMEs Financial Management, Financial Record, Skills and Attitude*

1. Introduction

The importance of SMEs needs not to be overemphasized, given that Tanzania is a developing nation and has not yet developed heavy industries and large corporations. The economy is dominated by small and medium enterprises who are majority in production sectors. SMEs therefore, is a fair ground to prepare for heavy industrialization and large corporations as the economy is gaining momentum (Sewere & Lyatuu, 2007).

SMEs promote industrial and economic development through the utilization of local resources; production of intermediate goods and the transformation of rural technology. In fact, SMEs are generally regarded as the engine driving the growth of economies and provide the best opportunity for job creation and rural development (Sewere and Lyatuu, 2007). Furthermore, SMEs development brings a multi-sector improvement in productivity and creation of mass employments. SMEs are also link-up and multiply economic value generated by large firms operating in agriculture, mining and manufacturing, construction and commerce sectors. SMEs also bridge supply chain of exports and imports of goods and services. (Trade Policy, 2003).

Nevertheless, SMEs need to win stiff competition from domestic and foreign large corporations and imports; this will in turn enable SMEs to win confidence of their stakeholders (Trade Policy, 2003). Additionally, confidence on SMEs is built when the market and other stakeholders receive relevant and timely information on production, marketing and finances (Agyris et al, 1990). Furthermore, financial reporting is the main way for transmitting financial information regarding financial health, performance and business plans of SMEs (Olomi, 2006).

Various stakeholders including investors, financiers, revenue authority, creditors and customers demands financial reports (accounts) for assessment of a business enterprise. However, some of SMEs either fails to produce financial accounts while others produce un-reliable accounts. Reliable financial reports can only be produced when there is sound management of financial records, of which a good number of SMEs misses (Agyris et al, 1990).

Absence of reliable financial records deprives the entrepreneurs not only support from financiers but also limits them to plan, analyse and decide appropriately on marketing, pricing, production, purchasing and borrowing in their businesses. It is also not possible to do tax planning or avoid penalties in absence of financial records. For example, in Tanzania business entity is supposed to maintain full set of accounts to for declaration of taxable income as per Section 80 of Income Tax Act (United Republic of Tanzania, 2004) . Also businesses registered for Value Added Tax are supposed to produce returns on monthly basis in line with provisions of Section 24 and 25 of VAT Act (United Republic of Tanzania, 2007) The study strives to answer two research questions which deal with SMEmanagement which are attitudes towards financial records and adequacy of SMEs skills towards managing financial records.

2. Background of the Study

By mid 1990s Tanzania had shifted from centrally planned to market driven economy. Since then, the nation has been phasing out state owned monopolies paralleled with intention of replacing them with vibrant private enterprises. Transformations were geared towards improvement in all sectors of economy including extractive industries, manufacturing, construction, trade, commercial services and professional services (Kristiansen and Ryen 2002 & Temu and Due 2000).

Tanzania embarked into radical change in policies and programs to step up economic production effective from mid 1990s. In the same basket of change in economic policies, liberalization of trade and deregulation of exchange controls were introduced. This paradigm shift opened wide door for importation of inputs, intermediate and finished goods. In early 1990s, import trade was predominated by consumables ranging from clothing and foodstuff to utility vehicles. This culminated into imbalanced coupled with sharp drop in production in agriculture which is the masterpiece of Tanzanian economy. The economic slump and imbalanced trade had strong negative impact to employment and standards of living to majority. There were rampant layoffs without immediate alternatives (Kristiansen and Ryen 2002, Temu & Due 2000).

Pursuant to challenges experienced in the first phase of structural reforms, a second generation of policy reforms came about aiming at promoting economic growth and employment. It included Sustainable Industrial Development Policy (SIDP 1996-2020), Poverty Reduction Strategy Policy (MKUKUTA), Development Vision 2025, Trade Policy, 2003 and Small and Medium sized Enterprises Development Policy, 2003 among the key policies embarked by the Government of Tanzania to address economic slump experienced in the past (United Republic Tanzania, SMEDP, 2003)

3. Literature Review

3.1 Conceptual definitions for SMEs

The definition of SMEs is not universal; there is contradicting literature about that stratum of business enterprises. Developed economies have different economic settings which make some enterprises considered large companies in Tanzania to be categorized as small or medium depending on criteria used. In that respect, the Iinternational Accounting Standard Board (IASB) defines SMEs as follows "*SMEs are entities without public accountability or unquoted companies that are not financial institutions*" (IASB,2008). This definition could include entities ranging from very large unlisted companies down to micro-sized enterprises.

However, the definitions given by accountants are indicative but deficient of size benchmarks in categorizing enterprises. They fail to show specific limits in terms of wealth, scale of operations like sales turnover and number of employees in business, rather they are based on accountability and reporting framework of enterprises which is the focus of accountancy profession. The National SMEs Development Policy (2003), which is benchmark reference, categorizes enterprises based on number of employees and capital investment. The policy specifically provides a range of number of employees and capital investment in determination of size of an enterprise divided into four classes of enterprises which are micro, small, medium and large enterprises. Classification of SMEs mainly refers to size of "non-farm economic activities including businesses in manufacturing, mining, commerce and services (Table 1).

Management of SMEs is normally different from large enterprises in several respects because of social structures, relationships and amount of resources within those enterprises. Level of formalizations in enterprises is normally reflected in the way the finances and records are managed.

Moreover, The SMEDP 2003 rules out that if an enterprise falls in more than one category then capital investment should be the determinant factor (Tanzania, United Republic, 2003)

Table 1: Categorization of business sizes in Tanzania

Category	Employees	Capital (Tshs)
Micro enterprise	1-4	Up to 5 mil
Small enterprise	5-49	Above 5mil to 200mil
Medium enterprise	50-99	200mil to 800mil
Large enterprise	100+	Above 800mil

Source: Small and Medium Enterprise Development Policy

However, defining SMEs based on number of employees may not be realistic in Tanzania where many enterprises engages family members, temporary employees, day-wage workers whose services are not in the payroll and not involved in formal schemes of employment and benefits. Considering the population structure and size of industrial reserve army, a large portion of business enterprises cannot be identified with either of the classes. Some of graduate's businesses are made of few skilled, say less than four or one self-employed person with virtually no capital but great skills. There are also some enterprises especially in general services like janitorial works, may be established with many personnel who are directly paid by clients and so are not mobilized under the basis of capital stock (Shilundu, 2000)

The other critical shortcoming in the national policy definition is exclusion of agriculture activities from small and medium enterprises definition. The fact that there is growth in numbers of commercial farmers in the economy suggests that the policy is deficient in that respect and needs to be amended.

The other challenge on applicability of policy in defining SMEs in monetized capital investment in Tanzanian Shillings, the value of currency is not such stable and for that matter over a period of time where the prices for capital goods needed in business investment will change significantly and renders the definition obsolete. If the test of capital investment was to be valid and sustainable ingredient for defining size of enterprises then it was supposed to provide for adjustment of amount of capital investment with appropriate inflationary capital goods indices prevailing over a time (Randa, 1999).

3.2 Conceptual definition for financial records

Records constitute the entire memory with implication to financial position of an organization. This involves a broad range of documents categories such as business correspondences, accounting records, and personnel records, legal documents like contracts, property titles and insurance policies. Others include commercial invoices, payment vouchers, receipt vouchers, bank statements and cash books. However, the list cannot be exhaustive; it always depends on type of business, and requirement of user of business information. Not all of the records maintained in the business are equally needed or important, and so the entrepreneurs need prioritize and identify different uses of financial records. Financial records are defined as “any written data or documentation made for future economic use (Chopra, 2005).

There is proportional and positive relationship between size of business and level of credit business application. Large businesses are normally operating on credit and utilize bank facilities while micro businesses operate on cash basis with less or without using bank facilities. Majority of formal small and medium sized business are also done on credit basis. Credit business transactions naturally demands more records than cash transactions. In the same process of correspondence, parties involved get closer through communication, documentation references and so many details of counterparty are taken into record before a single deal is closed. The typical credit business may follow the following documentation in simple regular business transactions. (Turyahebwa Et al, 2013).

Saleemi and Ajowi, identifies the minimum records that should be maintained by on business ran on credit should be receipt and payment in both cash and cheque records, Credit Sales and purchases records, wages records, and Inventory records. Thus financial recording system whether it is in physical books or a computer program, should be able to keep and retrieve information from various transactions.

Saleemi further describes records management as a range of activities designed to control records from its creation to its ultimate disposition. The activities involved in records management mainly follow the pattern of records lifecycle. Some of records are temporary and so created for short life while others are created as permanent with intention of indefinite life. Management of records therefore is driven with purpose and expected lifespan of document.

Chopra (2005), describes the stages in records lifecycle as development, utilization, storage, retrieval, disposition and destruction. Management of records involves various stages of its lifecycle that is designing, development, utilization, storage, disposal and destruction. This implies that the process of records management observes key principles of records management including Verification, Justification, Classification, Information, Elasticity and Reasonable cost

Table 3: Records life cycle vs. management activities

s/n	Stage	Management activities
1	Design and development	Design of appropriate formats, methods of entering data and their control. It also refers to determination of the period of the time for which the documents (records) should be stored before destruction.

2	Utilization	It refers to the development of efficient procedure in order that the desired records may be retrieved and delivered at the desired location and the desired time. It involves development of efficient procedure through which records move.
3	Storage	Involves preserving valuable documents, using filing equipment and the space to provide an accessible location and protection of records against disaster or unauthorized access. Storing records, records must be stored in such a way that they are both efficiently accessible and are safeguarded against environmental damage.
4	Retrieval stage	Involves rapidly locating the desired records .It also involves significantly out documents withdrawn from files and tracing documents not returned to the files within reasonable.
5	Transfer of records	Moving records from active to inactive files and from there to the storage area. It may be periodic or specific intervals or continuously
6	Disposition and Destruction	Micro-recording, resizing, schedule of destruction un-required records through burning, shredding, and recycling of papers

Source: Chopra, 2005

3.3 Retention of Records

Not all documents are expected to be kept permanently, when records become inactive, they should either be destroyed or transferred to reserve storage. Unnecessary records should be destroyed or transferred to achieve. Every care should be taken to ensure that records which are needed are not destroyed.

Once approved, the records must be disposed of with care to avoid inadvertent disclosure of information to unauthorized parties. The process to dispose of records needs to be well documented, starting considering retention schedule. Records should not be discarded as any other refuse because by so doing some business secrets may be exposed to competitors or divulge customers information. Records may be destroyed through paper shredding or incineration.

3.4 Significance of Managing Financial Records

Studies have shown that many small businesses fail due to liquidity problems than not being profitable. Capital budgeting and cash flows planning are critical to SMEs, due the fact that majority of SMEs do not have access to capital from public (Njau, 2004) then the emphasis of the entrepreneurs to have a good management of cash float and relations with financial institutions like bank.

Records facilitate analyzing good customers and creditors. The records also assist the entrepreneur to be fast tracked for an overdraft or loan in a bank when needed. Access to overdraft facilities makes the business able to stretch its working capital and earn adequate profit without defaulting or fire selling assets (Turyahebwa Et al., 2013)

Accurate and complete records enable entrepreneur to identify all business assets, liabilities, income and expenses. When an enterprise details are compared to appropriate industry averages, helps to pinpoint both the strong and weak areas of business operations. The past records are just like tools in the hands of a technician. records enable the management to do thorough study and decision for the business (Ngalube & Chachage, 2006)

Large and medium-size companies have internal accounting personnel and sophisticated records and systems to guide management. On the other hand, the owner of a small business usually relies primarily on an owner manager or assistant bookkeeper and an outside accounting firm to maintain the company's records and provide guidance. Therefore, the small business owner should keep good records to ease the task of external accountant and be charged less fees (Turyahebwa, A et al, 2013)

Organized financial records are essential for preparation of ledgers and final accounts such as trial balance, balance sheet, the income statement (profit and loss), and cash-flow projection. These statements, in turn, are critical for maintaining good relations with bankers. They also present a complete picture of your total business operation. Deficiency in financial records management is a state of disability or breakdown in any of the functions in financial records managementFair management of financial records for regular business transactions and compiled financial reports assist the entrepreneur to get comfort that he will pass the tests of compliance to laws of the land (Turyahebwa Et al., 2013)

Thus,financial records for this study is referred to as all physical or electronic documents produced or acquired by an enterprise for current and future use in order to describe an event, transaction and value thereof. At the same time, financial records management refers to a combination of functions, which involves identification, creation, classification, preservation, retrieving, utilization, transferring and disposition of financial records in line with the theory of records life cycle and continuum (Ngalube & Chachage, 2006)

The main financial laws of Tanzania including banking, insurance, social security schemes, tax, contract and company laws which assigns high value to financial and accounting records as discussed in the table 5 below.

Table 2: Legal requirements for basic financial records

Legal requirement	Specification of law
Preservation of accounts for at least 6 years	Companies Act, Section 151
Companies to write up books of account in GAAP's in standards stipulated by NBAA (that is IFRS)	Companies Act, Section 54
Consistency between records maintained and Financial statements.	Sec 163 of Companies Act
Preservation of accounts, Sales and Purchases Tax invoices for at least 5 years	VAT Act, Section 24,25&29
Maintenance of documents for Income Tax purposes for at least 5 years	Income Tax Act, Section 80

Source: Various financial laws of United Republic of Tanzania

Further to that tax computations and assessment for un-incorporated business mainly depends on records maintained by business person or presumptive tax formulas. The presumptive tax formula as shown in table 6 below, favors the enterprise that maintain basic records than who do not. However, given the costs of records management, the benefit of tax savings obtained by small business person whose tax is computed under presumptive tax are dismal and might not be adequate motivation by themselves.

The major impetus for small and medium tax payers to keep financial records is to avoid penalties and confiscation of business license as a result of failure to file tax returns and annual accounts to registrar. Presumptive taxation is not applicable for business with turnover above twenty million shillings. The businesses with turnover equal or above twenty million shilling per annum has to maintain full set of accounts and submit returns for income tax as per requirement of Section 91 of ITA. All tax returns are basically filed based on financial records and so SMEs alike large enterprises are supposed to comply (United Republic of Tanzania, 2004)

3.5 SMEs Attitude towards Financial Records

Entrepreneur's attitude towards financial records management is a general feeling or a drive within an entrepreneur towards financial records discipline. Majority of SMEs entrepreneurs have positive attitude to management records even though they are constrained in skills and so might not be following financial reporting standard or formats. The shortcomings in financial management of SMEs can mainly be attributed to the perception that SMEs cannot afford financial experts, where about 70% look for unproven alternative assistance (Kambi M, 2007).

In the same spirit of managing the business with back-up of financial records, more than 80% of SMES entrepreneurs maintain records for key business elements of revenues, expenses, assets and liabilities at least in rudimentary form. Some business cycles like sales and debtors are given more weight than others considering their risks and significance to internal and external reporting

3.6 Challenges facing SMEs in financial records management

ICT and electronic records requirements is a key challenge to most SMEs in developing world. Electronic records go hand in hand with revolution in information technology and information systems, they have additional features, advantages and risks. Advantages of electronic records includes but not limited to the following, easy and fast to transfer, easy and quick to access/search and share by many other people, they can be fast replicated and duplicated by electric equipments. The other great achievement with electronic records is the possibility of being altered and stored in relatively very small objects like flash disk, MP3-Disk or computer saver which can handle hundreds of thousands documents would take hundreds or thousands of square meters in pallets and shelves in hard copies.

However, majority of SMEs entrepreneurs have no skills and infrastructure to handle electronic records. Electronic records demands computers equipment and programs on top of reliable power supply which is a great challenge which faces even large enterprises in Tanzania. Capital layout needed before realization of cash inflows is the main barrier for SMEs to advance in electronic records management.

Critical threats or difficulties associated with electronic records of all types includes but not limited to the following, it requires information technology and infrastructure which is more expensive to develop and inaccessible to majority of businesses in developing nations like Tanzania, high pace of technology change can hardly be coped with SMEs which are normally have no the capacity to accommodate the changes. The other challenge on electronic records is requirement for soft-technical security and preservation to be deployed to deter vandals such as viruses and worm attackers to access and disrupt enterprises records.

3.7 Theoretical Framework

This study is driven by Self Determination Theory. A theory was propounded by Ryan and Deci (2000). It is a theory which suggests that people tend to be driven by a need to grow and gain fulfillment. Assumption of this theory is that people are activity directed towards growth, mastery over challenges and taking new experiences which are essential for self-development. Moreover, Self Determination theory states that while people are often motivated to act by external rewards including money, prizes and acclaim, self-determination theory focuses primary on internal sources of motivation including need for gaining knowledge or independence (Ryan &Deci 2000)

This theory is taken for this study because SMEs are motivated to keep financial record for their enterprises for intrinsic motivation of growing their business. While this goal is attained the entrepreneurs will gain self-fulfillment as their business ventures will experience financial independence, will create employment for their fellow citizens, earn higher income, contributing to the community welfare and greater opportunity for personal development (Carter et al., 2003).

4. Research Methodology

The study was comprehensive which involved desk and field research in a form of descriptive and analytical study. In terms of desk research, previous empirical studies and other authority literature were consulted and mainly presented in chapter two. Various published and edited manuals in academics and business management on financial records, particularly those relating to SMEs were reviewed and synthesized.

Field research involved data collection from various small and medium sized entrepreneurs in Dar-es-Salaam especially those but not limited to entrepreneurs of Small Industries.

Thus the data was collected through various means which involved physical eye observation, interviews and administration of questionnaires.

5. Findings

The study involved a survey to capture attitude and skills of entrepreneurs in various aspects. The results of study survey are presented hereunder. Figures and tables data explicate the various habits that SMEs possess while managing their enterprises

Table: Habit of keeping records for purchases

Choices	Response	Frequency	Percent
1	Always	29	58.0
2	Often	10	20.0
3	Sometimes	6	12.0
4	Rarely	4	8.0
5	Never	1	2.0
	Total	**50**	**100.0**

Source: Field Data

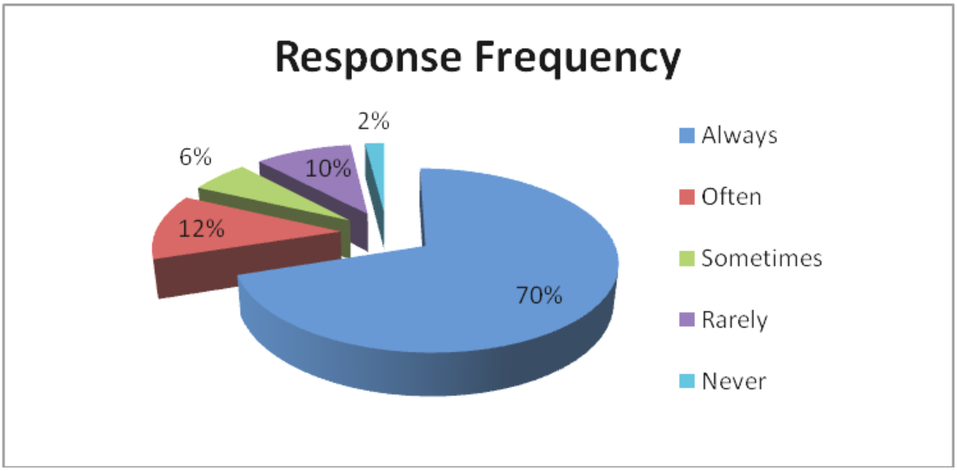
Interpretation of results on habit of keeping records for purchases

Above table depict that 78% of fifty respondent entrepreneurs, always or often keep purchases records, which indicate that, Majority of entrepreneurs keeps sufficient records for purchases while the rest, 22% do not. Purchases records are very important for financial reporting especially manufacturing, handcraft and construction enterprises which needs to determine whether they can at least cover out of selling price, materials and materials conversion cost before deciding to produce.

Habit of keeping records for business expenses

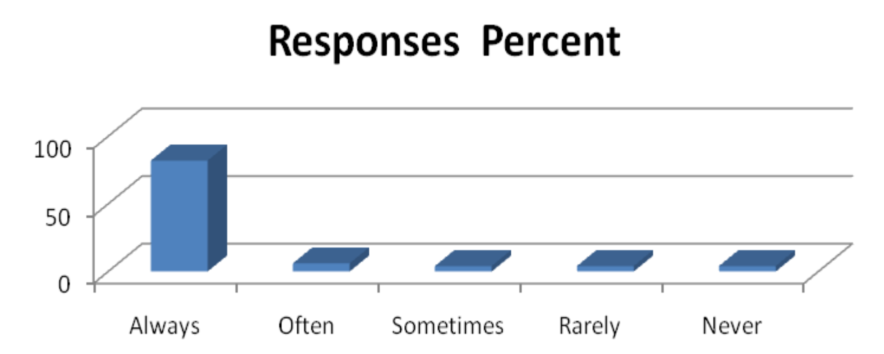
Many of business enterprise especially incur some expenses to generate revenues. These expenses have to be matched to respective revenues. Table 16 below depict that 82% of entrepreneurs either always or often keep records for business expenses while 18% do not keep reliably records. Though we cannot have absolute assurance of adequacy of records kept by entrepreneurs because majority has no accounting or financial reporting orientation, responses suggest that, third party can make them generally understandable form.

Habit of keeping records for outstanding and receivables



Majority of matured and developed businesses are done on credit basis and so documentation and records of unsettled bills (outstanding) and receivables from debtors are very critical. Table below depict that 88% of the entrepreneurs keep either always or often the outstanding bills and receivables, while 12% do not keep reliable records.

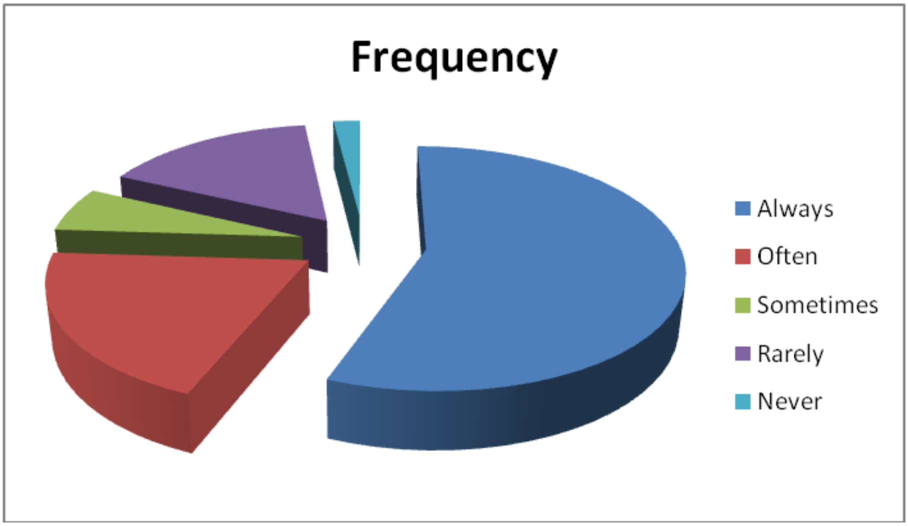
Habit of keeping records of out standings and receivables



Habit of keeping records for inventories

Records of inventories are going hand in hand with other records of purchases, issuance of materials and finished goods or damage of materials. The inventory records demands separate and well laid out scheme of inventory management and records because it involves many details. Table below, presents that 76% of entrepreneurs either keep records always or often while 24% do not.

Habit of keeping Records for inventories



Habit of keeping records for business assets

The business assets represent the investment or capital outlay in the business. It includes tangible, monetary and intangible assets. The tangible assets like property, plant, equipments, inventory requires detail listing and schedules of assets costs while monetary assets and intangible assets like goodwill, patents and rights have to be properly recorded to reflect realizable values than cost. Patents and copy rights are very critical for artist and designers than normal manufacturers. Table below shows that 78% of entrepreneurs either always or often keep assets records while 22% do not.

Habit of keeping records for assets

Choice	Responses	Frequency	Percent
1	Always	29	58.0
2	Often	10	20.0
3	Sometimes	5	10.0
4	Rarely	4	8.0
5	Never	2	4.0
	Total	**50**	**100.0**

Source: Field Data

Habit of keeping bank statements and cashbooks records

Cash is like water to life of human being, it's a constant factor for success of business. More organizations fail for illiquidity than profitability. The entrepreneurs need sound records of cash in hand and that at bank and that is why memorandum records have to be prepared and agreed for money kept by bank for an enterprise. Weakness in records of cash can shortly bring death to an enterprise. The table below shows that 88% of entrepreneurs keep records of bank statements and cashbooks while 12% do not. This depict that majority keep records though does not indicate that entrepreneurs goes further to deploy controls like cash on hand verification and bank at bank reconciliations.

Habit of keeping bank statements and cash books

Choices	Responses	Frequency	Percent
1	Always	29	58.0
2	Often	15	30.0
3	Sometimes	2	4.0
4	Rarely	2	4.0
5	Never	2	4.0
	Total	**50**	**100.0**

Source: Field survey data

Discussion of the Findings

From results of survey we found that at least 70% of SMEs entrepreneurs keeps records for each element of financial reporting and have positive attitude towards financial records management. We also learnt that at least 50% of SMEs entrepreneurs prepare their own accounts despite that they have inadequate skills in accounting and financial records management. Only 30% of SMEs uses the services of accounting experts, majority perceive that accounting expert and modern equipment are expensive, they cannot afford.

Further, entrepreneurs perceive that there is motivation for maintenance and proper management of financial records because there is better treatment or consideration in taxation and financial assistance when they maintain financial records than not.

The study found that there is inadequacy of skills and non-utilization of accounting and financial experts in view that they are expensive and therefore are not affordable and this has been the major cause for deficiencies in financial records management amongst SMEs in Tanzania.

6. Conclusion and Recommendations

Despite that SMEs have vast difference in sizes, in whatever size of business, there is no justification for not maintaining financial records. The difference can only be made on formats and volumes of reports demanded from the enterprises. SMEs might not afford to employ full time accounting experts but can hire either on contract or part time basis. Accounting experts can assist SMEs to develop systems that facilitate financial records management and compilation of accounts. Well negotiated part time service or contract service from expert may concurrently lower costs and ensure quality in financial records management.

Medium enterprises should use financial consultants' advisory services and accountants to deploy robust accounting systems which are easily operable. Moreover, the services of accounting experts are affordable and necessary for medium sized enterprises. The options available is either to use few full-timers or use more accounting consultants who will assist the firm meet internal reporting, special purpose reporting and International Financial reporting standards. Moreover, the responsibility to acquire necessary skills for financial records and basic accounting squarely lies on shoulders of entrepreneurs who at the end is compelled to file tax return and file annual accounts to registrar of companies.

7. Contribution of the Study in the Body of Knowledge

The study has contributed to the body of knowledge by showing that when entrepreneurs are equipped with positive attitude and right financial skills there will be smooth management of SMEs in the developing world in the area of financial records. This will in turn bring about intrinsic motivation to entrepreneurs when their business ventures grow and thereby experience financial independence, create employment for their fellow citizens, earn higher income, contributing to the community welfare and greater opportunity for their personal development

There is inadequacy of skills in financial records management where only 30% of SMEs keep their financial records properly in the developing world especially in Tanzania. Moreover 70% of SMEs entrepreneurs perceive that they cannot afford services of accounting experts, and actually do not use accounting experts rather they do manage their own financial records, prepare accounts and other financial reports despite of the fact that they have limited skills in accountancy. Main reason for non-utilization of accounting experts in view that they not affordable. This is the major cause for deficiencies in financial records management amongst SMEs in developing world especially in Tanzania. The results of deficiencies in financial records management amongst SMEs has been ill performance and slow growth among many SMEs.

Additionally, SMEs entrepreneurs seem to have positive attitude towards financial records keeping discipline, though they might not be following financial reporting standard or formats. The study also found out that more than 80% of respondent always or often keeps records for key elements of business financial reporting like revenues, expenses, assets and liabilities.

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