INFLUENCE OF RECORD KEEPING ON THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN THE CONTEXT OF THEIR AREA OF OPERATION: AN EMPIRICAL STUDY

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ARTICLE INFO

Objective: The target of this paper is to look into how record keeping affects the performance of Micro and Small Enterprises (MSEs) in the context of their place of operation.

Theoretical Framework: After going through the literature, it is identified that not a single study has been done in the research area of this paper.

Method: In this study, a simple survey was conducted among 268 MSEs functioning in Karimganj District of Assam. Multiple regression analysis with SPSS 21 was used to analyse the data.

Results and Discussion: Result of the analysis shows that female participation is poor in the study area and there is a positive correlation with R2 = 0.460 implying that record keeping Practices in the context of their area of operation is 46% responsible for explaining the dependent variable i.e., Performance of MSEs.

Research Implications: The study suggests that maintaining proper records can significantly improve the performance of MSEs. Furthermore, the adoption of computerized accounting systems can provide a more efficient and accurate means of record keeping, which can lead to improved financial performance.

Originality/Value: The study revealed that the majority of micro and small businesses failed to keep accurate records of their commercial dealings. However, those enterprises that kept proper records had a better understanding of their business operations and could make more informed decisions.

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INFLUÊNCIA DA MANUTENÇÃO DE REGISTROS NO DESEMPENHO DE MICRO E PEQUENAS EMPRESAS NO CONTEXTO DE SUA ÁREA DE OPERAÇÃO: UM ESTUDO EMPÍRICO

RESUMO

Objetivo: O objetivo deste artigo é analisar como a manutenção de registros afeta o desempenho das micro e pequenas empresas (MPEs) no contexto de seu local de operação.

Estrutura teórica: Depois de examinar a literatura, identificou-se que nenhum estudo foi feito na área de pesquisa deste trabalho.

Método: Neste estudo, foi realizada uma pesquisa simples entre 268 MPEs em funcionamento no distrito de Karimganj, em Assam. A análise de regressão múltipla com o SPSS 21 foi usada para analisar os dados.

Resultados e Discussão: O resultado da análise mostra que a participação feminina é baixa na área de estudo e que há uma correlação positiva com R2 = 0.460, o que implica que as práticas de manutenção de registros no contexto de sua área de operação são 46% responsáveis por explicar a variável dependente, ou seja, o desempenho das MPEs.

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INFLUENCE OF RECORD KEEPING ON THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN THE CONTEXT OF THEIR AREA OF OPERATION: AN EMPIRICAL STUDY

Implicações para a Pesquisa: O estudo sugere que a manutenção de registros adequados pode melhorar significativamente o desempenho das MPEs. Além disso, a adoção de sistemas de contabilidade computadorizados pode proporcionar um meio mais eficiente e preciso de manutenção de registros, o que pode levar a um melhor desempenho financeiro.

Originalidade/Valor: O estudo revelou que a maioria das micro e pequenas empresas não conseguiu manter registros precisos de suas transações comerciais. Entretanto, as empresas que mantinham registros adequados tinham uma melhor compreensão de suas operações comerciais e podiam tomar decisões mais bem informadas.

Palavras-chave: Manutenção de Registros, Micro e Pequena Empresa, Desempenho, Karimganj e Assam.

INFLUENCIA DEL MANTENIMIENTO DE REGISTROS EN EL RENDIMIENTO DE LAS MICROEMPRESAS Y LAS PEQUEÑAS EMPRESAS EN EL CONTEXTO DE SU ÁREA DE ACTIVIDAD: UN ESTUDIO EMPÍRICO

RESUMEN

Objetivo: El objetivo de este trabajo es estudiar cómo influye el mantenimiento de registros en el rendimiento de las Microempresas y Pequeñas Empresas (MPE) en el contexto de su lugar de operación.

Marco Teórico: Después de revisar la literatura, se identifica que no se ha realizado un solo estudio en el área de investigación de este trabajo.

Método: En este estudio, se llevó a cabo una encuesta simple entre 268 MYPE que funcionan en el distrito de Karimganj de Assam. Se utilizó el análisis de regresión múltiple con SPSS 21 para analizar los datos.

Resultados y Discusión: El resultado del análisis muestra que la participación femenina es escasa en la zona de estudio y que existe una correlación positiva con R2 = 0,460, lo que implica que las prácticas de mantenimiento de registros en el contexto de su zona de funcionamiento son responsables en un 46% de la explicación de la variable dependiente, es decir, el rendimiento de las microempresas y pequeñas empresas.

Implicaciones de la Investigación: El estudio sugiere que el mantenimiento de registros adecuados puede mejorar significativamente el rendimiento de las microempresas y pequeñas empresas. Además, la adopción de sistemas de contabilidad informatizados puede proporcionar un medio más eficaz y preciso de llevar registros, lo que puede conducir a una mejora del rendimiento financiero.

Originalidad/Valor: El estudio reveló que la mayoría de las microempresas y pequeñas empresas no llevaban registros precisos de sus transacciones comerciales. Sin embargo, las empresas que llevaban registros adecuados comprendían mejor sus operaciones comerciales y podían tomar decisiones con mayor conocimiento de causa.

Palabras clave: Mantenimiento de Registros, Microempresa y Pequeña Empresa, Rendimiento, Karimganj y Assam.

1 INTRODUCTION

Record-keeping is an essential practice for businesses of all sizes, but it is crucial for Micro and Small Enterprises (MSEs). These businesses often have limited properties and rely on accurate financial information to make informed decisions that impact their operations, growth, and profitability. Therefore, how record keeping practices affect the performance of MSEs has been widely researched and discussed in both academic and by practitioners.

Proper record-keeping practices are essential for micro and small enterprises to track their financial transactions accurately. Maintaining accurate records enables businesses man to monitor their cash flow, manage expenses, and prepare financial statements, which are essential for obtaining credit, attracting investors, and complying with regulatory requirements. Accurate financial information also helps businesses to identify areas for
improvement, make informed decisions and measure their performance over time. Due to their small size, even a minor managerial error can result in the collapse of the enterprise, leaving no room to learn from previous mistakes. According to Longenecker et al. (2006), “Poor financial management has been identified as a major contributor to the failure of micro and small enterprises”.

However, maintaining accurate records can be challenging for micro and small enterprises due to limited resources many micro and small enterprises do not have formal accounting systems and record-keeping is often done using simple spreadsheets or notebook. This approach is prone to errors and may not provide the necessary level of detail information required for effective decision-making. The consequences of poor record-keeping practices can be severe for micro and small enterprises. Inaccurate records can lead to incorrect financial statements, which may impact the business's ability to secure financing or attract investors. Poor record-keeping practices can also result in non-compliance with regulatory requirements, leading to fines and legal penalties. In addition, inadequate record-keeping practices can make it challenging to identify areas for improvement, hindering the business's performance and sustainability.

2 STATEMENT OF THE PROBLEM

Entrepreneurship is widely regarded as the foundation of an economy. As Bakshi (2007) argues, the level of entrepreneurship development in a society reflects its level of development or under development. Differences in the development of entrepreneurship can also explain variations in economic growth both within and across countries. In fast-developing nations like India, entrepreneurship in micro and small-scale sector is a vital agent of social and economic change. However, previous data has point out that 3 out of 5 micro and small businesses collapse during the first few months of existence (Bowen et al., 2009). Improper record keeping is considered on the main reason for this.

Record keeping is an essential part of any business operation, but it is particularly critical for micro and small enterprises. These businesses typically have limited resources and rely heavily on accurate financial information to make informed decisions. However, MSEs face many challenges, including limited access to finance, market access and lack of business skills. Proper record-keeping practices can significantly help in addressing these challenges by providing businesses with accurate financial information and helping them make informed decisions.
According to Bowen et al. (2009), “there is a strong association between firm performance and the quantity of business management training, particularly in the area of recordkeeping.” Proficiency in bookkeeping is a crucial factor that positively impacts the sustainability and growth of MSEs. Conversely, inadequate financial record-keeping has been identified as a leading cause of business failure, resulting in the collapse of such enterprises within a few months of their establishment (Germain, 2010). Additionally, Butler (2009) assert that a business is destined to fail from the start if accurate and thorough records of commercial transactions are not kept. In summary, recordkeeping is something that business owners just cannot afford to neglect.

After going through the various research papers. It can be said that development of Micro and Small Enterprises (MSEs) is essential for the overall development of a country and for the development of the MSEs proper record keeping is essential. Numerous studies have shown that majority of the MSEs failed to keep sufficient record of their business transactions which is very much important for their development and growth. Hence, proper research in this field is very much essential, especially in the developing countries like India, where unemployment is a major problem and entrepreneurship in MSEs has the potentiality to solve the problem. Hence, proper research for the growth and development of MSEs is need of the hour.

As MSEs also play an important role in economic development of Karimganj district of Assam which is the study area of the present study. Karimganj holds a unique position in the Barak Valley because of its geographical positioning in the international border side. Due to its locational benefits it has high intensity of export import business not only with neighbour country but also with Southeast Asian countries. Because of its geographical positioning it has economic importance not only for the State of Assam but also for the Whole North East and even for the country too. But unfortunately with all potentialities of development Karimganj is still lagging behind in the sphere of MSEs.

After going through the literatures it is also identified that not a single study has been done in the research area of this paper. Therefore, this paper aims to analyze the impact of record-keeping on the performance of MSEs in the context of their place of operation of business in the selected research area. In this study, an effort has also been made to determine the status of female participation in MSEs in the research region.
3 REVIEW OF LITERATURES

Raymond et al. (2014) study was conducted to examine how accounting records affect the efficiency of small-scale businesses. The study utilized questionnaires to collect data, and the research hypothesis was tested using the Z-test. This outcome indicates that the maintenance of accounting records plays an important role in the performance of small businesses. The study further revealed that maintaining proper records facilitates efficient and timely decision-making. As a recommendation, the study suggested that small business owners receive proper training in practical methods of managing accounts.

Koskei et al. (2019) their study intended to determine the impact of the bookkeeping system adopted on the performance of (SMEs). To achieve the objective, the researchers employed a descriptive research design. Sample of 338 SMEs was selected using purposive sampling techniques out of 2161 SMEs in Kericho town. The study revealed that the bookkeeping process has a substantial impact on the financial performance of SMEs. Analysis showed a coefficient of 0.785 and $R = 0.882$. Based on the study's results, the authors recommend that SME owners prioritize accounting processes during their organization's strategy formulation to ensure consistency in financial performance.

Adeoti and Asabi (2018) their research's objective was to ascertain how record-keeping procedures impact the success of micro businesses in Lagos State, Nigeria. Data was collected from 367 randomly selected micro enterprises out of a total population of 10,593. Multiple regression was utilized to study the relationship between record keeping practices and micro enterprise performance/profitability. The findings showed that record keeping procedures and micro enterprise performance were significantly correlated, with an $r$ value of 0.537. The study found that the predicted variables accounted for 28.8% ($R^2=0.288$) of the variance in micro enterprise performance. Furthermore, the beta score of the cash daybook was higher than that of the other record keeping practices in relation to micro enterprise performance.

Kamau (2015) this study aimed to investigate whether there is a correlation between the accounting systems employed, the record-keeping practices of small and medium-sized enterprises (SMEs), and their financial performance. Descriptive research design was employed to conduct the study. Systematic sampling techniques was used to select 391 SMEs out of the total SMEs operating in the Nairobi County. Research questioner was used as an instrument to collect the data. Descriptive statistic and regression analysis was used to analyse the data collected though questioner. The outcomes of the study revealed that ledger accounts are
significantly influenced by revenue and expenditure accounts. Furthermore, the study showed that enhancing the maintenance and preparation of purchase and sales ledgers can lead to better financial performance. Additionally, the study discovered a strong correlation between cash book, revenue and expenditure accounts, and financial performance.

Aladejebi and Oladimeji (2019) in their research study they try to evaluate the degree to which accounting information is utilized for assessing the financial performance of SMEs. In order to collect the data questioner using Likert sale was used. Data were collected from 200 SMEs owner and out of that 197 used as valid. The researcher identified that the participants acknowledged the importance of proper record keeping in order to understand business performance and achieve success. Based on the findings, the study suggests that SME operators should obtain fundamental accounting knowledge to effectively maintain their records.

Musah and Ibrahim (2014) the authors of the research aimed to investigate the connection between small- and medium-sized businesses' (SMEs) performance and record-keeping procedures in Ghana. Data was collected through structured questionnaires from 100 randomly selected SMEs in the Tamale Metropolis. Descriptive statistics and the Pearson Correlation Coefficient were used to measure the correlation between record keeping and businesses’ performance. The analysis showed a linear positive correlation between business performance and record keeping. Furthermore, when the dependent and independent variables were swapped, the study found that the impact of record keeping was even stronger when it depended on business performance.

Mairura (2011) the intention of the paper was to identify the impact of accounting records on business performance. The study randomly selected 80 entrepreneurs from the garments industry in Nairobi. Semi-structured questionnaires, observations, and discussions were used to collect primary data for this study. Descriptive statistic, and correlation analysis was use to analyse the data. The results of the analysis showed a positive correlation between the quality of accounting records and business performance. The study also found that various factors, such as nature of business ownership, education, size of the business and training influenced the quality of accounting records. To improve performance of the business, the study recommends that entrepreneurs receive training in proper record-keeping techniques.
4 OBJECTIVES

1. To investigate how recordkeeping affects the performance of micro and small enterprises in the context of their area of operation.
2. To find out the status of women entrepreneur in the micro and small enterprises in the research area.

5 RESEARCH METHODOLOGY

The study focused on the population of registered Micro and Small Enterprises in Karimganj district of Assam as per the MSMED Act. 2006, under the District Industrial Centre (DIC) Karimganj till December 30th, 2017. There are a total of 888 registered micro and small enterprises being run by entrepreneurs in various activities (Source: DIC, Karimganj). Out of that responses from 268 respondents were collected from MSE. With a 95% level of confidence, online sample size calculator software was used to determine the sample size for this study. The study mainly use primary data. To obtain the required data and minimize sampling biasness in sampling, strata were created within the research population. The study utilized stratified random sampling design due to the heterogeneity of the population. As a result, the population was divided into two sub-units i.e. Micro and Small Enterprises based on their size, as defined by the MSMED Act 2006. Stratified random sampling was preferred as it is accurate, easily accessible, and allows for division into relevant strata, enabling better comparisons. This sampling method was also recommended by Kothari (2008). Primary data has been collected by using scheduled and personal visit to the enterprises as some of respondents are illiterate as identified during the pilot survey. SPSS version 21 was used to code and analyse the survey data that had been gathered. In this study performance of the enterprise has been define on the basis of increase in sales, increase in profit, increase in stock and increase in employment of the enterprise. The study utilized multiple regression analysis to investigate how record-keeping effect the performance of MSEs in the context of their place of operation of the business in the study area and cross tabulation to identify the status of women enterprise in MSEs.
6 ANALYSIS AND FINDING

6.1 GENDER WISE DISTRIBUTION OF THE ENTREPRENEURS

After analyzing the data, the study found that only 23.5 percent of Micro and Small Enterprises were owned by females, whereas the majority of the enterprises were owned by male. The study reveals that there is a higher participation of males than females in the field of Micro and Small enterprises.

<table>
<thead>
<tr>
<th>Gender of the Owner</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>205</td>
<td>76.5</td>
</tr>
<tr>
<td>Female</td>
<td>63</td>
<td>23.5</td>
</tr>
<tr>
<td>Total</td>
<td>268</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey

6.2 MARITAL STATUS OF THE OWNER

The marital status of the entrepreneurship, specially the female entrepreneurship have an important in the development of entrepreneurship. A married woman is under certain social obligation as compared to the male entrepreneur, which create many problem in active involvement in entrepreneurial activity of the female.

This study identified that majority of the respondents i.e. 72.76% were married while 27.24% were single. The study found that married individuals were more likely to participate in entrepreneurial activities in micro and small enterprises. This may be due to their financial responsibilities to provide for their families, including expenses such as food, education, clothing, and healthcare. Thus, they may feel the need to have a source of income and choose to employ themselves in MSEs.

The study also revealed that most of the female entrepreneur of the study area married i.e., 82.54% of the female owner of the enterprise under study were married. Table 2 provide more illustrations.
Table 2

Marital Status of the owner * Gender of the Owner

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Gender of the Owner</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>% within</td>
</tr>
<tr>
<td>Marital Status of</td>
<td>Married</td>
<td>143.00</td>
</tr>
<tr>
<td>the owner</td>
<td>Male</td>
<td>69.76</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>52.00</td>
</tr>
<tr>
<td></td>
<td>Unmarried</td>
<td>62.00</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>205</td>
</tr>
</tbody>
</table>

Source: Field Survey

It was also identified during the field survey that the enterprises which were in the name of the female were actually run and managed by the male candidate of their family in majority case the name of the women were used only for the business. Except in case of beauty parlour, Tailoring, and Textile business as identified in the study area during study.

6.3 DISTRIBUTION OF AGE OF THE OWNER OF THE MSES

The age of entrepreneurs holds much important in the entrepreneurial success. The age group of the entrepreneurs engaged in different types of entrepreneurial active is tabulated below.

Table 3

Age of the MSE Owner’s

<table>
<thead>
<tr>
<th>Age of the Owner’s</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-27</td>
<td>51</td>
<td>19.0</td>
</tr>
<tr>
<td>28-37</td>
<td>113</td>
<td>42.2</td>
</tr>
<tr>
<td>38-47</td>
<td>75</td>
<td>28.0</td>
</tr>
<tr>
<td>More than 47</td>
<td>29</td>
<td>10.8</td>
</tr>
<tr>
<td>Total</td>
<td>268</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Survey

The data collected through field survey are tabulated in Table 3 which reveals that majority i.e., 42.2% of MSE owners were between the ages of 28-37 years followed by 38-47 age group with 28% and 19% within the age group of 18-27 and only 10.8% owners of Micro and Small Enterprise were within the age group of more than 47 years.
6.4 EDUCATIONAL LEVEL OF THE OWNER

The educational qualification of the entrepreneurs/ owner covered under the study was identified. Figure 1 represent the educational qualification of the sample MSE owner under the study area.

Figure 1
Education Level of the Owner

![Pie chart showing educational level of owners]

Source: Field Survey

Above figure shown that majority of the respondent’s i.e., owner of the MSEs were having educational qualification upto HS 37% of the respondents, while 32% respondents had educational qualification upto HS, 19% respondents were Bachelor and only 1% respondents had Master’s degree. Whereas 2% respondents were Illiterate ad only 1 respondents (i.e., 0.37%) had Diploma in technical education. It is identified that utmost of the entrepreneurs engaged in MSEs in the study area have educational qualification upto Higher Secondary (H.S) level, And very limited owner were having higher educational qualification.

6.5 TYPE OF SAMPLED ENTERPRISE

The study was conducted among MSEs of the research area. In regards to the types of business, majority of the enterprise i.e., 56.72 % (i.e. 152 Nos.) of the respondents were from Service sector and 43.28 % (i.e. 116 Nos.) were from manufacturing sector.
Table 4

Types of Business * Category of Business

<table>
<thead>
<tr>
<th>Types of Business</th>
<th>Category of Business</th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Micro</td>
<td>Percentage</td>
<td>Small</td>
</tr>
<tr>
<td>Service</td>
<td>132</td>
<td>49.25</td>
<td>20</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>96</td>
<td>35.82</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>228</td>
<td>85.07</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Field Survey

Whereas between these service and manufacturing majority of the enterprises were belongs to micro enterprise i.e., 228 (i.e. 85.07%) whereas 40 (i.e. 14.93%) numbers of enterprise were belongs to small enterprise. So it can be revealed that majority of the entrepreneurs in the research area were engaged in micro enterprise especially in service sector which can be better under stood from the above Table 4.

6.6 AREA OF OPERATION OF THE BUSINESS

Area where the enterprise is operating have an affect performance of the enterprise, as its impact on demand for goods and services produce by the enterprise (Liedholm, 2002). An enterprise area of operation affects costs of inputs and thereby affects its competitiveness. According to Liedholm (2002), “those enterprise operating in rural areas face less competition and sometimes even possess monopoly power over goods and services they provided.” This will allow rural enterprises to earn more profit and grow faster compared to urban based business enterprise as they usually faced tough competition. In this study an attempt has also been made to identify the area of operation of the enterprise and its impact of performance of MSEs in the study area.

Table 5

Area of Operation * Category of Business Cross tabulation

<table>
<thead>
<tr>
<th>Area of Operation</th>
<th>Category of Business</th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Micro</td>
<td>Percentage</td>
<td>Small</td>
</tr>
<tr>
<td>Rural</td>
<td>150.00</td>
<td>55.97</td>
<td>25.00</td>
</tr>
<tr>
<td>Urban</td>
<td>78.00</td>
<td>29.10</td>
<td>15.00</td>
</tr>
<tr>
<td>Total</td>
<td>228.00</td>
<td>85.07</td>
<td>40.00</td>
</tr>
</tbody>
</table>

Source: Field Survey
The data collected from the filed survey are tabulated in Table 5. The study revealed that 65.30% (i.e., 175 Nos.) of the respondents operating their enterprise in the rural area. Only 34.70% (i.e., 93 Nos.) operating in urban area. The study also revealed that majority of the micro enterprise i.e., 55.97% as well as small enterprise i.e., 9.33% enterprise in the study area were operating in the rural area. And only 34.70% of the total enterprise under study were operating urban area. So it can be said that in the study area micro and small enterprise operation in the rural area is more in compared to urban area. This may be the reason of lack of competitiveness and earning high profit in rural area as stated by Liedholm (2002) in his study.

6.7 RECORD KEEPING PRACTICE AND PERFORMANCE OF MSES IN THE CONTEXT OF THEIR PLACE OF OPERATION

In order to find cause and effect relationship among the variables multiple regression analysis has been conducted in SPSS with Performance of MSEs as dependent variable with independent variables viz (i) record keeping practice of MSEs & (ii) place of operation of the business as per the objective of the study. Hence in order to check Normality Kolmogorov-Smirnov and Shapiro–Wilk test has been conducted. Finding of the same are tabulated below:

<table>
<thead>
<tr>
<th>Normality Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Field Survey</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnova</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>Df</td>
</tr>
<tr>
<td>Performance_of_MSEs</td>
<td>0.052</td>
</tr>
</tbody>
</table>

Lilliefors Significance Correction

From the above data it is identified that significance value of Shapiro-Wilk test is \( P=0.247 \) and Kolmogorov-Smirnov test is \( P=0.074 \) hence both the value are more than the standard value of \( P=0.05 \). Hence, it can be said that data is normally distributed.

Hence, in order to attain the object of the study multiple regression analysis was done. Outcome of the analysis are as follows
INFLUENCE OF RECORD KEEPING ON THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN THE CONTEXT OF THEIR AREA OF OPERATION: AN EMPIRICAL STUDY

Table 7

ANOVA of Performance of MSEs and Co Factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>DF</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>11711.162</td>
<td>2</td>
<td>5855.581</td>
<td>25.157</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>61681.339</td>
<td>265</td>
<td>232.760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>73392.502</td>
<td>267</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance_of_MSEs
b. Predictors: (Constant), Area of Operation, Record_Keeping_Practice
Source: Field Survey

Multiple regression was run and it is identified that the regression model is statistically significant with P= 0.00 which is less than the standard value of P=0.05 and produced a highly significant F ratio of 25.157 (p < 0.05), which indicates a significant association between record keeping practice and the performance of MSEs in the context of their area of operation in the study area as shown in Table 7.

Table 8

Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.599</td>
<td>.460</td>
<td>.453</td>
<td>15.25647</td>
<td>1.347</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Area of Operation, Record Keeping Practice
b. Dependent Variable: Performance_of_MSEs
Source: Field Survey

The Durbin-Watson test result in the table above is 1.347, which is lower than the standard value of 2. Therefore, it can be concluded that the independent variables are not affected by autocorrelation. The correlation coefficient between performance of Micro and Small Enterprise and its independent variables is 0.599 i.e. (R= 0.599). This indicates positive correlation which explain about 46% (i.e. value of $R^2 = 0.460$) implying that the independent variables are 46% responsible in explaining the dependent variable i.e., Performance of MSEs in the study area. The findings of this study are corroborated by Raymond, Ezenyirimba, & Moses (2014), Adeoti & Asabi (2018), Koskei, Naibei, & Chepkwony (2019), Akande (2011), and Okoli (2011). Their studies also demonstrate a robust positive relationship between record-keeping practices and the business performance of MSEs.

From the coefficient table given below it is identified that the Variance Inflation factor (VIF) is less than 5 and Tolerance value is above 0.2 so it can be said that there is no Multicollinearity in the data as suggested by (Wang, 2013)
Table 9

Model Coefficients of Performance_of_MSEs and Co Factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>37.445</td>
<td>4.233</td>
<td>8.846</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Record Keeping Practice of MSEs</td>
<td>20.663</td>
<td>2.922</td>
<td>.399</td>
<td>7.073</td>
</tr>
<tr>
<td></td>
<td>Area of Operation of The MSEs</td>
<td>2.114</td>
<td>1.963</td>
<td>.061</td>
<td>1.077</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance_of_MSEs

Source: Field Survey

The provided coefficient table demonstrates the basic model that describes the impact of financial record keeping on MSEs performance in the context of their area of operation. The model is shown mathematically as

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e \]

Here,

- \( Y \) = Performance of MSEs
- \( \beta_0 \) = Constant Term
- \( \beta_{1,2} \) = Beta Coefficients
- \( X_1 \) = Record Keeping Practice of MSEs
- \( X_2 \) = Area of Operation of MSEs
- \( e \) = Error term

Hence the regression equation is:

\[ Y = 37.445 + 20.663 X_1 + 2.114 X_2 \]

The equation above inferred that the performance of MSEs is highly influenced by the Record Keeping practice and the Area of Operation of MSEs. Given all the predictor variable constant at zero (0), Performance of Micro and Small enterprise will be 37.445.

The regression coefficient for Record Keeping Practice of MSEs is 20.663. This means that with all other variables held at zero, a unit change in record keeping Practice of MSEs would lead to a 20.663 statistically significant change in Performance of MSEs and in respect
to Area of Operation of the MSEs changes in area of operation of the MSEs would lead to only 2.114 change in Performance of MSEs but statistically in significant as revealed by study.

7 SUGGESTIONS & CONCLUSION

As identified by the study record keeping have positive impact on the performance of the MSEs in the study area. So, to improve the record-keeping practices, micro and small enterprises can implement several strategies. First, businesses can invest in technology to automate their record-keeping processes, reducing the likelihood of errors and improving the accuracy and detail of their records. Second, businesses can seek the assistance of accounting professionals to help set up accounting systems and provide training on financial management. Third, compulsory financial literacy and training on accounting/record keeping programme must be started by government for the first-generation entrepreneurs before starting their enterprise which is also suggested by Raymond et al. (2014) in their study. Which provides employees with the necessary knowledge and skills to understand and interpret financial information. Furthermore, the adoption of computerized accounting systems can provide a more efficient and accurate means of record keeping, which can lead to improved financial performance.

The study also suggests that micro and small enterprises policies and regulations should be developed for increasing women participation in MSEs, spirit of self-dependence must be inculcated by boosting their self-esteem, lead by examples and also by providing more facilities for women entrepreneurs through policy making. Further research is also necessary, particularly regarding the impact of record keeping on the performance of MSEs in developing countries. The study conclude that proper record-keeping practices are critical for the performance of MSEs as identified from the study. Accurate financial records enable businesses to make informed decisions, measure their performance, and comply with regulatory requirements.

8 CONSTRAINTS OF THE RESEARCH

1. The study analyzed a sample of 268 MSEs. Therefore, the results may or may not align with a survey conducted on the entire population of MSEs.
2. The primary data source for this study is a field survey that collected the opinions and perspectives of the operators of MSEs to measure performance of MSEs due to the non-availability of proper financial reports in majority case. Hence, if study will be done with proper financial reports of the MSEs outcome may be differ.

REFERENCES


