THE ROLE AND SCOPE OF FINANCIAL RECORD KEEPING IN SMALL AND MEDIUM ENTERPRISES: A SURVEY OF BINDURA TOWN IN ZIMBABWE.

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ABSTRACT

The research assessed the role and scope of financial record keeping in Small and Medium Enterprises using Bindura Town as a survey study. The study analyzed the importance of clear and accurate record keeping, importance of SMEs to the economy, constrains facing SMEs and the importance of Accounting Information System to the SMEs. A survey research design was used in this assessment. A sample of one hundred SMEs was chosen. The population of the study is Bindura urban SMEs and the sample derived from this population is made up of four strata which are retail shops, carpentry, welding and textile industries. Both primary and secondary data collection methods were used in the collection of data. Data was collected using questionnaires and it was analyzed to come up with conclusions. The study established that most SMEs in Bindura Town are sole traders who are unregistered and they use single entry bookkeeping. Most of these SMEs were into operation or started their operation since the introduction of the multi-currency system in 2009. Although most SMEs employ bookkeepers, these bookkeepers are under qualified. The study also established that bookkeeping is important to SMEs since it makes easy the assessment of the company’s performance and reduces theft and pilferage of the company assets. The research found that SMEs that could not access credit lines because they cannot produce books of accounts. The SMEs are not taking a wholesome approach to bookkeeping as evidenced by failure to keep books of accounts. Recommendations were made to the government to ensure that all SMEs are registered. The same government should also promote the growth of SMEs by properly funding SMEs financiers which are SEDCO and the Ministry of Small to Medium Enterprises. In addition, the government arms responsible for SMEs which are SEDCO and the Ministry should conduct workshops with SMEs covering topics such as bookkeeping and taxation.