THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Assessment of Types of Records and their Influence on the Performance of Furniture Workshops in Machakos County, Kenya

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Abstract:
The purpose of this study was to assess the types of records and their influence on the performance of furniture workshops in Machakos County: Kenya. This was prompted by the slow growth and poor performance of the furniture ventures. The study will be significant to SMEs furniture firms' owners in Machakos since it will be able to understand how record keeping can improve the performance of their furniture business. They will also learn from the results on how effectively to keep records and therefore be able to take measures to improve or employ record keeping. Records continuum theory of record keeping and resource based view theories was used to guide this study. A descriptive survey study design was employed throughout this research as it allowed for the collection of both qualitative and quantitative data. The population studied was the SMEs furniture workshops in Machakos County. This comprises SME furniture workshop owners, records keeping personnel. Simple random sampling was used to select the respondents. Structured questionnaires were used to collect data. Data was grouped, coded, cleaned and analyzed descriptively using SPSS to generate frequencies and percentages. The collected data was presented in tables generated using SPSS 17.0.The study employed the Pearson correlation coefficient in order to establish the degree of correlation between record keeping and business performance. Regression analysis was conducted to establish the form of relationship between the different types of records kept, (independent variable) and the (dependent variable) performance of the furniture workshops. All the ethical issues pertaining to research was adhered to the entire process of this research. The study revealed that very few number of furniture business entrepreneurs in Machakos county maintained business records. The study concluded that poor record keeping is part of the main challenges facing proprietors of furniture business in Machakos County. The researcher recommended that, the county Government and other stakeholders responsible for Small business and enterprises development should develop the suitable record keeping guidance which will be easier and simple to understand with such sector. This guidance system may have to go together by establishing a record keeping as a legal mandatory to all SMEs business. County government in conjunction with the national government should develop training programmes and courses aimed at small business owners and their respective staffs. This will ensure that the small business owners are equipped with adequate business knowledge as will result to respect on record keeping of their business.

Keywords: SMEs Performance, Recordkeeping, Types of records, Small and Micro Enterprises (SMEs)

1. Introduction

1.1. Background to the Study
There is an overwhelming contribution of Small and Micro Enterprises (SMEs) to the economic development of most developing countries. Providing employment for almost two-thirds of the working population, contributing to the government revenue generation through the payment of income tax, as well as providing income in terms of profits, dividends and wages to households just to mention a few, has been the ultimate hallmark of SMEs to a developing countries.
Furniture industry is one major industry that contributes to economic growth of a nation. The wood-furniture industry plays a very important role in the Indonesian economy, as this industry has great potential not only for domestic but also international trade. However, not much literature is available on the contribution of SME furniture industry to the economic growth or on how record keeping is affecting their performance.

Research has recognized that appropriate record keeping is important for a successful management of any business entity, whether large or small (European Commission, 2008). Most studies in the SMEs have focused their attention on the developed or advanced market economies (Yan, 2010). Small and micro enterprises in the developing countries like Kenya and Zimbabwe remain by and large an unexplored area (Chidoko et al 2011; Dumbu&Musingafi 2010). Small and micro enterprises are seedbeds for indigenous entrepreneurship as they are responsible for mobilizing un-generated capacity (Charantimath 2006), are labor intensive, contribute to the decentralization of industry (Hutchinson   2008) and contribute more to equitable distribution of the national income (Dumbu&Musingafi, 2010). Providers of finance more often than not, rely on information before making the final decision to either invest or not to invest in a given business. Banks for example, will need to know whether the SME seeking finance will be able to pay the principal amount as well as the interest before going ahead to grant the facility. An inadequate accounting system is a primary factor in small business failures. Quality of SME records keeping attract investors to invest and for financial institution to provide finance (Tagoe et al., 2001). For the SMEs also to do well there is the need for them to attract and secure finance. Providers of finance will not invest or provide funds unless they are assured that they will not lose their investment.Otenyo&Matanda (2008) observed that in Kenya many SMESs owners or managers lacked managerial training and experience. The need for proper record keeping including finance records cannot be stressed enough as these studies reveal. However, the fact that record keeping even in most important aspects as finance is worrisome and require immediate attention. The current study therefore seeks to address how records keeping and management is affecting SME furniture workshops performance in Machakos county Kenya.

2. Literature Review

2.1. SMEs' Contribution to Economic Development
In order to systematically present the literature reviewed in this chapter, it would be imperative to commence with definitions used to describe SMEs in Kenya. These definitions are both qualitative and quantitative, that is, they are based on the number of employees in the enterprises and other non-quantitative factors. A microenterprise is defined as having a maximum of 10 employees; a small enterprise is defined as having a minimum of 11 employees and a maximum of 50; whereas a medium-size/large enterprise has, at least, 50 employees. (Stevenson &Stonge, 2005).
Studies show that there is no universally agreed definition of an SME across all academic disciplines. This is so because no single definition can capture all the dimensions of an SME, nor can be expected to reflect the differences between entities in different industrial sectors or countries at different levels of development. Most definitions are however based on size and they use fundamental bases such as number of employees, financial position or annual turnover (Ghafoor&Iqbal, 2007; Zindiye et al., 2008). In Kenya, however, a microenterprise has 0 to 10 employees, a small enterprise has 11 to 49 employees and a medium one has 50 to 100 employees (GOK,1992). Internationally the most commonly used method to define SMEs is the number of employees (Zheng, O'Neill, & Morrison, 2009).
SMEs have been found to contribute to employment generation, gross domestic product, entrepreneurial skill development and innovation to many developing countries (Cook &Nixson, 2000 as cited inAgyapong, 2011). Globally Small and Micro Enterprises have a very significant contribution to the provision of goods and services to the society. Without SMEs, bigger companies may not be able to meet the demand for goods and services in an expanding customer base. The significance of SMEs to the economic growth is underlined by their contribution to both developed and developing economies. Empirical evidence show that, even in developed economies such as the United States of America, SMEs have been responsible for the creation of over 60 percent of all new jobs (Scott, 2012). The USA Automatic Data processing (ADP) report shows that small business employment is currently 96.7 percent. In Northern Ireland and the UK as a whole, it is estimated that SMEs account for about 36 percent (Amwele, 2013). In India, the Small and Micro Enterprises sector accounts for about 39% of the manufacturing output and around 33% of the total export of the country (India Government, 2007).
According to EU, (2011) Micro, Small and Medium-sized enterprises are socially and economically important, since they represent 99 % of all enterprises in the EU. They provide around 90 million jobs and contribute to entrepreneurship and innovation. However, Small and Micro Enterprises face particular difficulties which the EU and national legislation try to address by granting them various advantages. Recent evidence shows that SMEs contribute to 32 percent to Gross Domestic Product, 56.4 percent to employment opportunities and 19 percent to export in Malaysia (Omar, Arokiasamy& Ismail, 2009)
SMEs cut across all sectors of the Kenya's economy and provide one of the most prolific sources of employment not to mention the breeding ground for medium and large industries, which are critical for industrialization. (Sessional paper two of 2005) According to the 2010 Economic survey, employment within the SMES sector accounts for 74.2% of the total person engaged in employment. This sector contributes up to 18.4% of the country's GDP.

2.2. Performance of SME Furniture Firms
Performance of an SME relates to its profitability and its ability to employ more and more staffs. Some SMEs improve their performance through better innovations. Innovation is said to be crucial for the numerous players in the wood furniture industry in Indonesia (Sugarda, &Tambunan 2009). SMEs in Indonesia have the ability to generate more employment than larger firms that are operating under conditions of global competition, rapid technology advances and resource scarcity in order to survive and thrive (Damanpour, &Wischnevsky 2006). As the important role of SMEs in nation's economy, there is no doubt that their productivity has attracted researchers' attention (Varis, &Littunen 2010). Schumpeter (1934) in Massa, &Testa, (2008) suggested that SMEs were likely to be the source of most innovation. However, it has been argued that innovation in SMEs is limited due to the lack of resources

and capabilities (Massa, &Testa, 2008). In China, SMEs have achieved rapid growth in the past decades and they are the major source of China's incredible economic-growth in terms of their contribution toward the creation of employment, the improvement of GDP and the development of high-tech intensive industries. Weak linkages with external market and limited resources have blocked its growth. Therefore, there is a big necessity for SMEs to enhance their competitive capacity under this market situation by establishing effective strategies (Chen, 2006).

While recognizing the potential roles of SMEs, the ability of SMEs in playing these key roles depends largely on how they perform in the business (Musah & Muazu, 2014). There are number of factors influencing the performances of SMEs including legal and regulatory framework, infrastructure, business development services, limited access of SMEs to finance, effective and poorly coordinated institutional support framework, record keeping etc. (URT,2003). However, the focal point of this paper is concerned with SMEs' deficiencies in record keeping in relation to its performances.It is importance therefore to recognize the strong influence of business record keeping attached to SMEs' performances and development, the importance of record keeping cannot be undermined in any means. Record keeping involves the capturing, maintaining and provision of authentic and ready-available records of business activities. There are different reasons for maintaining records and these vary from business to business.

As ASA and RIM (2011) argued that the primary motive for keeping records is at least to provide ample evidence of and information about business activities. Thus the existence of records underpins all decisions and actions of business and social accountability as well as providing a back-up. In line with this, Obura (2012) noted that, the realization of the significant roles played by small and medium enterprises (SMEs) in economic development and the crucial values attached to efficient and effective records and information management in decision making.

The furniture industry in Egypt is primarily oriented towards the production of wood based furniture, which is also the most developed sector of the industry. Wood furniture is often classified into three broad categories: wood furniture for office, wood furniture for home, and other types of wood furniture. Within the category of home furniture, there is a further breakdown into wood furniture for kitchen use, and wood furniture for use in the bedroom. The demand for furniture in Kenya increases with increasing population, especially in urban centers due to the rural urban migration (Borretti, 1990: Muthike&Muisu, 2008). The need for more office space and housing creates great demand for furniture of varying designs and quality due to the various income groups (Muthike&Muisu, 2008). The industry is however faced with verystiff competition from imported furniture from especially Italy, other parts of Europe and Southern Africa, especially targeting high income buyers. Adhesives are important in joinery and play a very important role in making value added products from potential wastes and residues in furniture workshops (Chikamai, et al, 1996 in Muthike et al 2008). There is very scarce information on furniture workshops despite their importance.

There are so many challenges that face SMEs and hinder their growth and mainly related to record keeping. Mensahet al, (2007) states that a significant number of enterprises in their survey kept no records pertaining to operations reports, financial reports, audited accounts, tax returns reports, and so on. Until recently, all the micro and small enterprise could not receive credit from the banks and promotional institutions due to the fact that the formal banking sector considered them a high risk area, and hence the high cost of borrowing from the banks for the micro and small businesses. Some microfinance institutions have ventured into small loans and credits to this sector. According to Jeppesen (2005), once credit is advance to the traders only the lender keeps the books of creditors on their part and in most cases the borrower does not keep a written account of this loan or credit. Most lenders divide these payment amounts into tiny amounts that enable the borrower to pay up on daily basis. For the lender, the trade process the borrower goes through to raise the repayment amount is not key as long as the amount is paid and with interest.

From their findings Bowen et al, (2009) noted that disciplined finance management was cited as one of the challenges facing SMEs. This can be closely linked with non-maintenance of a written record of all money transactions relating to business activities. The consequence being, that the proprietor is unable to trace all income and expenses. This may be due to poor memory or pilferage where one employs more than one worker without stringent record-keeping habits.They also noted that only 47% of the respondents in their survey considered financial management knowledge as a hindrance to growth to the micro and small business trade. This implies that 53% did not consider financial management resulting from accounting record keeping as important for the success of their enterprise.

2.3. Types of records kept by the SMEs

Record keeping provides a source of information to owners and managers of SMEs operating in any industry for use in the measurement of the business performance. There are several records that can be kept by an enterprise but the study will concentrate mainly on production records, financial records and accounting records. The production records include the number of items produced, how many have been sold, size of the orders made and the rate of production among others. These help the enterprise to evaluate their performance in a particular period of time usually at the end of a financial period. The practice of keeping accurate records of the business inventory makes it easier to record products and also to enable the business owner to see what is selling and those that are not selling (Chepkemoi, 2013). It is important to keep business records because without them the managers would not know how to break even, or even how much each different product is really making for the enterprise.

The accounting records include the sales day book (sales journal), purchases day book (purchases journal), cash receipt book, cheque payments book, petty cash book, general journal, nominal ledger, debtors' ledger and creditors' ledger must be kept and maintained in a sound accounting system. These records will allow the managers to at a glance identify the money in and money out and take the necessary action in time. Contemporary research is emphasizing the development of sound record keeping in SMEs in order to improve their financial management (Manyani 2011).

The financial records includes record of all business sales, with copies of any invoices one has issued, records of all one's business purchases and expenses, details of any amounts one personally pay into or take from the business and copies of business bank

statements, the cash flow statements, the cash flow projections and profitability ratios   (McMahon, 1999:   Muchira 2012). Entrepreneur or an accountant will use these records to create a profit and loss account which shows the sales income one received, and the expenses one paid, and what profit/ loss one actually made. Mwangi (2011) carried out a study on accounting systems in SMEs in Kenya and the results revealed that the sector does not keep efficient records or does not keep records at all. He noted that the absence of accounting data makes it difficult to carry out financial ratio analysis. These records would provide a basis for gauging empirically the profitability level of the enterprises in the sector. Mutambanengwe, (2012) says that, "a critical weakness with SMEs is the fact that they do not keep proper records of their activities". He adds that keeping accounts records 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. The benefits of record keeping cannot be over emphasized.

Record keeping has become the foundation on which the totality of modern business depends. This is because without it, it will be impossible to ascertain the level of profitability and the level of business susceptibility to fraud. Record keeping and good record management is also essential for any sector to function effectively (Ademola 2012). According to Covin and Selvin, (2008), if the records are kept over a period of time, they give background picture which can help organizational change. Continuing, they said it is not only accounting records that must be kept. In fact personal records enable an accurate evaluation of personnel to aid administration of job selection.

According Ademola (2012), the specific benefits of record keeping includes   helping to avoid business failure, usefulness in financial management planning and control, making sound decisions and giving a background picture,which helps organizational change.Okwena (2011) assessed the effects of proper book keeping practices on financial performance of SMEs in Kisii Municipality and found that majority of SMEs in Kisii practice single entry book keeping. He recommended for sensitization programs to equip SMEs owners with book keeping knowledge. According to Commonwealth of Australia (2010), if one does not keep accurate and complete records of sales day book (sales journal), purchases day book (purchases journal), cash receipt book, cheque payments book, petty cash book, general journal, nominal ledger, debtors' ledger and creditors' ledger, the success of business will be threatened in many ways. For example one may end up paying more tax than is due because of lack of evidence of tax deductible expenditure or/and inaccurate sales. If one's records are more accurate, this will reduce the time taken and therefore reduce the amount they charge. The aforementioned reasons are sufficient to ensure one keeps good books and records but the most important reason is to ensure one has control over the business and that one can assess its profitability and the cash flow situation therefore ensuring awareness of any potential problems as soon as possible and can make business decisions with all available information at hand. In order to achieve this crucial control of a business, one has to consider keeping accurate records. This leads one to find out which records must be kept for the purpose of the success of a business.

2.4. Theoretical Review

2.4.1. Record Continuum Theory of Record Keeping
It is often argued that theory underpins decisions and actions of individuals and businesses. Atherton (1985) notes that all the stages of records keeping are interrelated thereby forming a continuum where both record keepers and archivists are involved in the management of recorded information. Flynn (2001) asserts that the records continuum theory is significant because it provides a broader interpretation of records and record keeping systems offered by the lifecycle. As such, the record continuum theory provides the theoretical, justification for keeping business records. The Australia Standard 4390 argues that the records continuum theory involves a consistent and coherent regime of management processes of records from the time of the creation of these records through to the preservation and use of those records (ASA&RIM). Because it involves a broader context of archival science that connects the past to the present and the present to the future, this theory is assumed to be the best for managing or keeping both electronic and paper records with the view to improving efficiency as well satisfying users.

2.4.2. Resource Based View
Pearce and Robinson (2011) defined the Resource Based View (RBV) as a method of analyzing and identifying a firm's strategic advantage based on examining its distinct combination of assets, skills, capacities, and intangibles as an organization. This theory is concerned with internal firm specific factors and their effect on performance. It views the firm as a bundle of resources which are combined to create organizational capabilities which it can use to earn above average profitability (Grant 1991). Each firm develops competencies from these resources and when they are well developed, these become the source of the firm's competitive advantage. SMEs accounting systems, staffs' degree of qualification and organization of physical resources may have a bearing on their performance.

Penrose (1959) explains the importance of unique bundles of resources that are controlled by a firm and crucial for its performance. Such resources include all tangible and intangible assets, capabilities, organizational processes, firm's attributes, information and knowledge controlled by a firm in order to improve efficiency and effectiveness that will lead to higher financial performance (Daft 1985). This theory helps in explaining performance variations.
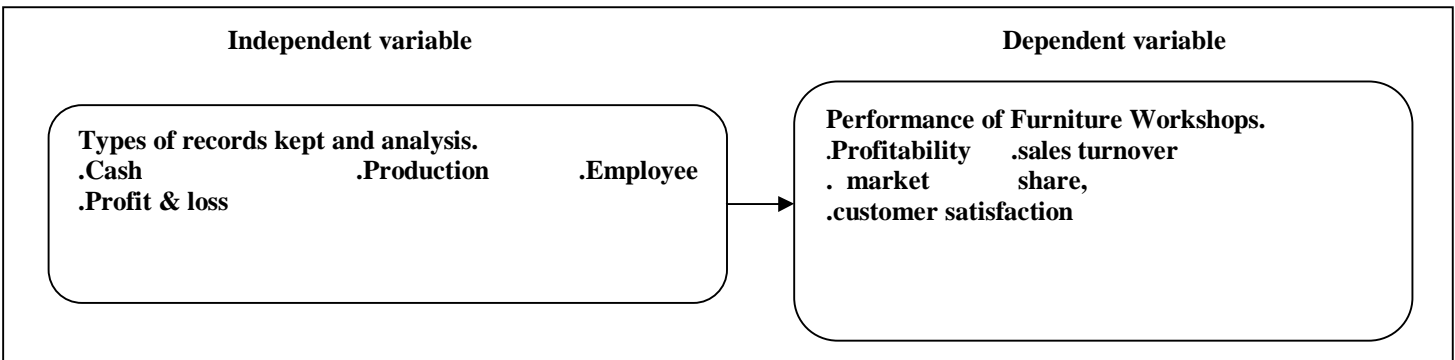
2.5. Conceptual Framework

Figure 1: Conceptual Framework
Source: Author, 2017

The researcher conceptualizes that Record Keeping practices, such as keeping financial records, procurement records/purchasing records, salary payment records, customers' orders, payments, credits and employee turnover records all have the ability to influence performance of SME furniture firms either by increasing profits or running at a loss(Bowen, 2009).

A conceptual framework is a model that presents and explains the relationship between various variables. In a conceptual framework there are two types of variables: dependent variable and independent variable. In this study, the independent variableis types of records kept, while the dependent variable is performance of furniture workshops.

2.5.1. Operationalization of the Variables
The dependent variable is defined by profitability, change in the number of employees, customer turnover and change in the number of outlets

3. Research Methodology

3.1. Research Design
The study adopted a descriptive survey design aimed at investigating record keeping and performance of SME furniture workshops in Machakos County Kenya. A descriptive analysis attempts to describe characteristics of subjects or phenomena, opinions, attitudes, preferences and perceptions of persons of interest to the researcher (Creswell,2012). Thus, this approach is suitable for this study, since the study intends to collect comprehensive information through descriptions which was helpful for identifying variables. Bryman and Bell (2011) assert that a descriptive design seeks to get information that describes existing phenomena by asking questions relating to individual perceptions and attitudes. According to Polit and Beck (2013), in a descriptive study, researchers observe, count, delineate, and classify. The research design is therefore the most appropriate for this study as it involved an assessment of the Record Keeping and performance of SME furniture workshops in Machakos County Kenya without manipulating any of the variables. Singleton (2009) describes a descriptive survey design as a comprehensive design that enables large and diverse amounts of data to be collected within a short time frame and analyzed quantitatively, giving a credible presentation of results.

3.2. Research Site and Target Population

3.2.1. Research Site
The research was conducted in Machakos County, Kenya. Machakos County has a total population of 1,098,584 people, 264,500 households and covers an area of 6,208 SQ. KM. The Population density is 177 persons per SQ. KM. The local climate is semi-arid with a hilly terrain covering most parts of the county. The beautiful hilly scenery is perfect for tourist related activities such as camping, hiking safaris, ecotourism and cultural tourism among many more. Subsistence agriculture is practiced with Maize and drought-resistant crops such as sorghum and millet being grown. However, the County also plays host to the open air market concept with major market days where large amounts of produce are traded. Fruits, vegetables and other food stuffs like maize and beans are sold in these markets. The county has been selected as the home to the upcoming Konza Technology City due to its proximity to Nairobi, good infrastructure and availability of massive chunks of land. Machakos County, Nairobi's Eastern neighbor, is home to important industrial and residential centers like Athi River and Mlolongo. Besides Konza Techno City, the County government also has an ambitious master-plan that saw the face of the county lifted by the envisioned planned Machakos City that is adjacent to Machakos Town. Due to their proximity to industrial and residential centers, the study was conducted in Machakos town, Mlolongo and Athi River.

3.2.2. Target Population
A target population is classified as all the members of a given group to which the investigation is related, whereas the accessible population is looked at in terms of those elements in the target population within the reach of the study. Based on the

recommendations of Frankfort-Nachmias and Nachmias (2006) in defining the unit of analysis for the study, the target population for this research were the 106 registered SMEs furniture workshops in Machakos county, Kenya that have been operational for the last three years (Machakos = 51SMEs furniture workshops, Athi River = 37 SMEs furniture workshops and Mlolongo = 18SMEs furniture workshops) (County Government of Machakos, 2015). From each firm, the study targeted business owners and personnel involved in records keeping. This led to a target population of 212 respondents.

3.3. Sampling Design
The section discusses the sampling technique and how the sample size is arrived at. The sampling design refers to the sampling method used to arrive at the sample size.

3.3.1. Sample Size Determination
Sampling is a deliberate choice of a number of people who are to provide the data from which a study drew conclusions about some larger group whom these people represent (Jankowicz, 2002). The sample size is a subset of the population that is taken to be representatives of the entire population (Onabanjo, 2010). It is however agreed that the larger the sample the smaller the sampling error.The study used stratified random sampling to select 137 respondents in all the furniture workshops in Machakos, Athi River and Mlolongo.
The desired sample size was determined using the formula of Fisher *et al, (*1991) below:

$n = \frac{z^2 PQ}{\alpha^2}$

Where: z is the z- value = 1.96
P -Population proportion 0.50
Q = 1-P
α = level of significance = 5%

$n = \frac{1.96^2 \, x \, 0.5 \, x \, 0.5}{0.05^2}$

n = 384

Adjusted sample size $(Nf) = n/(1 + (n)/N)$
Nf= 384/(1 + (384)/212)
Nf = 137

According to Mugenda and Mugenda (2003) the above formula:
nf= desired sample size when the population is less than 10,000,
n= desired sample when the population is more than 10,000,
N= estimate of the population size.
The distribution of the respondents is shown in the table below.

Location	Number of SMEs furniture workshops	Population	Ratio	Sample
Machakos town	51	102	0.644	66
Athi River	37	74	0.644	48
Mlolongo	18	36	0.644	23
Total	**106**	**212**		**137**

Table 1: Sample Size
Source: Author, (2017)

3.4. Data Collection Instruments and Procedures

3.4.1. Data Collection Instruments
The main tools of data collection for this study were questionnaires. The questionnaire was used for data collection because it offers considerable advantages in the administration: it presents an even stimulus potentially to large numbers of people simultaneously and provides the investigation with an easy accumulation of data. Saunders(2012) maintains that questionnaires give respondents freedom to express their views or opinion and also to make suggestions. It is also anonymous. Anonymity helps to produce more candid answers than is possible in an interview.
Data was collected using survey questionnaires. The research instruments were self-administered. There was both structured (close-ended) and unstructured questions (open-ended). The rationale of the study utilized Likert Scales. This method was effective as it is, economical (time and money).

3.4.2. Data Collection Procedure
The researcher obtained an introduction letter from the university which was presented to each SME owner so as to be allowed to collect the necessary data from the respondents. The drop and pick method is preferred for questionnaire administration so as to give respondents enough time to give well thought out responses. One field supervisor and the researcher was part of the field work. A three days training was provided to the data collectors where sampling of respondents and issuing of questionnaires by field assistants

was practiced in actual field situation on at least four respondents by each data collector during the training. After the training, questionnaires were issued by the assistants to all the respondents starting with Record Keeping personnel.

3.5. Pre-Testing of the Instrument

The purpose of the pilot testing was to establish the validity and reliability of the research instrumentation and to enhance face validity (Joppe, 2009). From the pilot results reliability and validity was tested. The pilot testing was conducted using the questionnaire to 14 (1-10% of the sample size)SME furniture workshops owners and record personnel. The pilot group was done at Kitui town through random sampling. Sekaran (2006) recommend that the questionnaire pre-tests be done by personal interviews in order to observe the respondents' reactions and attitudes. All aspects of the questionnaire was pre-tested including question content, wording, sequence, form and layout, question difficulty and instructions. The feedback obtained was used to revise the questionnaire before administering it to the study respondents. This gave the respondents ample time to respond to the questionnaires.

3.5.1. Validity of Research Instruments

According to Golafshani (2003), validity is the accuracy and meaningfulness of inferences, based on the research results. One of the main reasons for conducting the pilot study is to ascertain the validity of the questionnaire. Before the actual data collection, the questionnaires was pre-tested on a selected sample from 10 furniture firms that we're not be included in the study Machakos County. These participants were be used in the final study. This enabled the researcher to make meaningful modifications to the research instruments.

3.5.2. Reliability Research Instruments

Instrument reliability is the extent to which a research instrument produces similar results on different occasions under similar conditions. It's the degree of consistency with which it measures whatever it is meant to measure (Bell, 2010). Reliability is concerned with the question of whether the results of a study are repeatable. The researcher selected a pilot group of 10 workshops to test the reliability of the research instrument. The aim is to correct inconsistencies arising from the instruments, which ensure that they measure what is intended. A construct composite reliability co-efficient (Cronbach alpha) of 0.6 or above, for all the constructs, is considered to be adequate for this study (Rousson, Gasser &Seifer, 2012). Reliability coefficient of the research instrument was assessed using Cronbach's alpha (α) which is computed with the help of Statistical Package for Social Sciences (SPSS) Version 21.0

3.6. Data Analysis

According to Saunders et al, (2007) quantitative data is based on meanings derived from numbers, the collection results in numerical and standardized data and analysis conducted through the use of diagrams. However, qualitative data is based on meanings expressed through words, collection of results in non- standardized data requiring classification into categories and analyzing conducted through the use of conceptualization.

Data was analyzed using descriptive and inferential Statistics. All the questionnaires received was referenced and an item in the questionnaire was coded to facilitate data entry. After data cleaning which entails checking for errors in entry, descriptive statistics such as frequencies, percentages, mean score and standard deviation was estimated for all the quantitative variables and information presented inform of tables and graphs. Descriptive statistic such as frequencies, percentages, mean score and standard deviation was used because they enable the researcher to meaningfully describe distribution of scores or measurements using few indices (Mugenda&Mugenda, 2003). Based on Zina (2010) recommendation on the analysis of qualitative data, collected data was organized, sorted out and coded.

The study used multivariate regression analysis to establish relationship between the independent variables and the dependent variable by use of the following regression:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$

Where;

Y = Business performance (Dependent Variable: furniture workshops - profits, new units opening and number of employees)

X1 – X4 – Independent Variables

      X1 =different types of record

      X2 = level of education and record keeping skills

      X3= practices of record keeping

      X4 = different attitudes of the owner managers and record keeping personnel

      β0 = Co-efficient of the model

      β1 – β4 = Beta Co-efficient of Determination

 ε = Stochastic error term

3.7. Ethical Considerations

According to Kerridge, Lowe and McPhee (2005), ethics involves making a judgment about right and wrong behavior. Ethics as noted by Minja (2009) is referred to, as norms governing human conduct which have a significant impact on human welfare. Indeed as observed by Devettere (2000), ethics is about choice between good and bad. In this study, confidentiality was of concern as the information relevant to the study was of strategic importance.

In this regard, the researcher observed the following standards of behaviour in relation to the rights of those who become subject of the study or are affected by it: First, in dealing with the participants were informed of the objective of the study and the confidentiality

of obtained information, through a letter to enable them give informed consent. Once consent is granted, the participants maintained their right, which entails but is not limited to withdraw or decline to take part in some aspect of the research including rights not to answer any question or set of questions and/or not to provide any data requested; and possibly to withdraw data they have provided. Caution was observed to ensure that no participant is coerced into taking part in the study and, the researcher sought to use minimum time and resources in acquiring the information required. Secondly, the study adopted quantitative research methods for reliability, objectivity and independence of the researcher.

4. Research Findings and Discussion

4.1. Response Rate
The study targeted a sample size of 137respondents from which 123 filled in and returned the questionnaires making a response rate of 89.8%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent.

Targeted Sample Size	Response	Percentage
137	123	89.8%

Table 2: Response Rate

4.2. Pilot Results
In this study, the reliability of the instruments was tested using Cronbach alpha. Cronbach alpha value is used in the research to verify the reliability of the construct.

Variable	Cronbach Alpha coefficient score	No. Of Items	Comments
Types of records kept	.731	6	Reliable
Record keeping practices	.854	9	Reliable
Skills/level of education in record keeping	.735	7	Reliable
Attitude towards record keeping	.887	10	Reliable

Table 3: Reliability Analysis

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct. Gliem and Gliem (2003) established the Alpha value threshold at 0.7, thus forming the study's benchmark. Cronbach alpha was established for every objective which formed a scale. The table shows that Attitude towards record keeping had the highest reliability (α= 0.887), followed by Record keeping practices (α=0.854), Skills/level of education in record keeping (α=0.735) and finally the Types of records kept (α=0.731). This illustrates that all the variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

4.3. Background Information
The study sought to establish the demographic data of the respondents'. The researcher begun by the general analysis on the demographic data got from the respondents which included: age category gender of the respondent, period which the business had been in operation level, of education and how long the respondent had been involved in furniture business.

4.3.1. Gender Distribution
Table 4 shows the distribution of respondents by their gender.

Gender category	Frequency	Percentage
Male	109	88.6
Female	14	11.4
Total	**123**	**100.0**

Table 4:Distribution of Respondents by Their Gender

Results obtained show that majority of the respondents as shown by 88.6% were males whereas 11.4% were females. This implies that furniture business in Machakos County was highly dominated by males.

4.3.2. Age Bracket
Respondents were requested to indicate their age category. This was sought in the understanding that different age sets hold various opinions relating to different issues. Results are analysed in Table 5

Age Bracket	Frequency	Percentage
25 and below	17	13.8
26-36 years	40	32.5
36-45 years	29	23.6
46-55 years	37	30.1
Total	**123**	**100.0**

Table 5:Age Bracket

Results obtained show that most of the respondents as shown by 32.5% were aged between 26 to 36 years, 30.1% of the respondents were aged between 46 to 55 years, and 23.6% of the respondents were aged between 36 to 45 years whereas 13.8% of the respondents were aged between 25 and below. This implies that respondents were fairly distributed in terms of their gender.

4.3.3. Period which the Business been Operating
Respondents were requested to indicate the period which the business had been in operation. Results are shown in Table 6.

Years	Frequency	Percentage
0-5 years	52	42.3
6-10 years	43	35.0
Over 10 years	28	22.8
Total	**123**	**100.0**

Table 6:Period which the Business been operating

Results obtained show the business has been in operation for 42.3% of the firms had been in operation for a period of 0-5years, 42.3% of the firms had been in operation for a period of 6-10 years while 22.8% of the firms had been in operation for a period of over 10 years. This implies that most of the firms had been in operation for a considerable period of time which implies that they were in a position to give credible information relating to this research.

4.3.3.1. Academic Qualifications
The study sought to establish the respondent's highest academic qualifications. Results are shown in Table 7.

	Frequency	Percentage
First Degree	17	13.8
Diploma	74	60.2
KCSE	32	26.0
Total	**123**	**100.0**

Table 7:Academic Qualifications

Results on academic achievement show that 60.2% of the respondents held college diploma certificates, 26.0% of the respondents held KCSE certificates, while 13.8% of the respondents held first degree. This implies that entrepreneurs in furniture were well educated which implies that they were in a position to give credible information relating to this research.

4.3.4. Business or Entrepreneurship Training
The study sought to establish whether the respondents had ever attended business entrepreneurship training. Results are analysed in Table 8.

Opinion	Frequency	Percentage
Yes	57	46.3
No	66	53.7
Total	**123**	**100.0**

Table 8: Business or Entrepreneurship Training

Results obtained show that majority of the respondents as shown by 53.7% had not attended any business entrepreneurship training while only 46.3% had done so. This implies that considerable number of furniture business owners in Machakos County had not attended any business entrepreneurship training.

4.3.4.1. Extent to Which Entrepreneurs' Expectations Were Met after the Training
 Respondents were requested to indicate whether their expectations of the training were well met after the end of the business summit. Results are shown in Table 9

	Frequency	Percentage
Moderate extent	28	22.6
great extent	46	37.7
Very great extent	49	39.6
Total	**123**	**100**

Table 9:Extent to which Entrepreneurs' Expectations were met after the Training

From the research findings most of the respondents as shown by 39.6% indicated Very great extent, 37.7% of the respondents indicated great extent whereas 22.6% of the respondents indicated Moderate extent. This implies that expectations of the entrepreneurs' were greatly met after the end of the business training summit.

4.3.5. Whether the Entrepreneurs Had Operated the Business Elsewhere
Respondents were requested to indicate whether had tried to operate the same business elsewhere in the country. Results are shown in Table 10

Opinion	Frequency	Percentage
Yes	91	74.0
No	32	26.0
Total	**123**	**100.0**

Table 10:Whether the Entrepreneurs Had Operated the Business Elsewhere

Results show that most of the entrepreneurs as shown by 74.0% had tried to operate the same business elsewhere in the country while 26.0% had not. This implies that most of the entrepreneurs had tried to operate the same business elsewhere in the country

4.3.6. Number of Permanent Employees
Respondents were requested to indicate the number of employees that the firm had. Results are shown in Table 11

Permanent employees	Frequency	Percentage
1-9 employees	74	60.2
10-19 employees	49	39.8
Total	**123**	**100.0**

Table 11:Number of Permanent Employees

Results obtained show that 60.2 % of the respondents indicated that the firm had between 1 to 9 employees' permanent employees while 39.8% of the respondents indicated that the firm had between 10-19 employees' permanent employees. This implies that most of the furniture business in Machakos County had more had between 1-9 employees' permanent employees.

4.4. Types of Records Kept in Machakos County
This section investigates the record keeping practice by furniture business owners in Machakos County.

4.4.1. Business Records Maintenance
The study sought to establish the number of entrepreneurs who maintained business records. Results are shown in Table 12.

Opinion	Frequency	Percentage
Yes	40	32.5
No	83	67.5
Total	**123**	**100.0**

Table 12:Keeping of Business Records

Results obtained shown that 67.5% of the entrepreneurs don't maintain business records whereas 32.5% did. This implies that considerable number of furniture business entrepreneurs in Machakos County don't maintain business records. The study also noted that some of the businesses failed to keep business records due to lack of record keeping skills, some considered the exercise expensing others feared could land them into taxation problems

4.4.2. Types of Records Maintained by Furniture Business Entrepreneurs in Machakos County
Respondents were requested to indicate the types of business records they maintained. Results are shown in Table 13.

	Response	Frequency	Percentage
Cash sales	Yes	21	25.3
	No	62	74.7
	Total	**83**	**100.0**
Purchases' invoices	Yes	29	34.9
	No	54	65.1
	Total	**83**	**100.0**
Customers' orders	Yes	13	15.7
	No	70	84.3
	Total	**83**	**100.0**
Completely done items	Yes	17	20.5
	No	66	79.5
	Total	**83**	**100.0**

Table 13:Records Maintained by Furniture Business Entrepreneurs in Machakos County

Results obtained show that 84.3% of furniture business entrepreneurs maintained customers' don't keep orders record, 79.5% of furniture business entrepreneurs maintained have not completely done items record, 74.7% of furniture business entrepreneurs didn't maintain cash sales record, while 65.1% of furniture business entrepreneurs didn't maintain purchases' invoices record. This implies that among the records which were not maintained by furniture business entrepreneurs in Machakos County included purchases' invoices records, cash sales record customers' orders record, and completely done items record.

4.4.3. Reasons for Maintaining Business Records
 Respondents were requested to indicate the Reasons for maintaining records in business. Results are analysed in Table 14.

	Response	Frequency	Percentage
To establish reorder levels for materials	Yes	21	25.3
	No	62	74.7
	Total	**83**	**100**
To project profits	Yes	25	30.1
	No	58	69.9
	Total	**83**	**100**
To monitor the business operations	Yes	8	9.6
	No	75	90.4
	Total	**83**	**100**
To track the labour utilization	Yes	25	30.1
	No	58	69.9
	Total	**83**	**100**
To compute accounting data	Yes	12	14.5
	No	70	85.5
	Total	**83**	**100**
Financial ratio analysis	Yes	17	20.5
	No	66	79.5
	Total	**83**	**100**
For accurate evaluation of personnel	Yes	25	30.1
	No	58	69.9
	Total	**83**	**100**

Table 14: Reasons for Maintaining Business Records

From the research findings, 90.4% indicated that they don't maintain records to monitor the business operations, 85.5% indicated that they also don't maintain records for the sake of computing accounting data, 79.5% indicated that they don't maintain records for the sake of financial ratio analysis, 74.7% indicated that they don't maintain records to establish reorder levels for materials while 69.9% indicated that they don't maintain records for accurate evaluation of personnel and to track the labour utilization and to project profits. The findings are in line with the findings by Adejei, Collins and Christian (2014) 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.

4.5. Performance of SMEs (Furniture Workshops) in Machakos County
The study sought to establish the trend of the following aspects of performance in SME furniture workshops for the last five years. Results are analysed in Table 15

	Greatly Improved	Improved	Constant	Decreasing	Greatly decreased	Mean	Std Deviation
Profitability	43.1%	52.8%	4.1%	0%	0%	4.39	0.57
Sales turnover	49.6%	46.3%	4.1%	0%	0%	4.46	0.58
Customer satisfaction	39.8%	56.9%	3.3%	0%	0%	4.37	0.55
Market share	39.0%	50.4%	10.6%	0%	0%	4.28	0.65

Table 15:Performance of SME Furniture Workshops In Machakos County

From the research finding, majority of the respondents agreed that the following measures of business performance had improved sales turnover (mean = 4.46, std deviation = 0.58), profitability (mean = 4.39, std deviation =0.59), customer satisfaction (mean =4.37, std deviation =0.55) and market share (mean =4.28, std deviation = 0.65). This finding conform with study done byCovin and Selvin, (2008),which revealed if the records are kept over a period of time, they give background picture which can help organizational change.

4.6. Regression Analysis
In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions. The model summary is presented in the Table 16.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882[a]	.778	.770	.57241

Table 16: Model Summary

From the value of the adjusted R^2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The model had an average coefficient of determination (adjusted R^2) of 0.770 and which implied that 77.0% of the variations in furniture business performance in Machakos County are caused by the independent variable understudy (types of records kept)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.028	4	19.507	14.689	.001[b]
	Residual	156.704	118	1.328		
	Total	234.732	122			

Table 17:ANOVA[a]

F critical = 2.79
From the ANOVA statics, the study established the regression model had a significance level of 0.1% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (14.689 >2.79) an indication that types of records kept, have significant effects on the performance of furniture business in Machakos County. The significance value was less than 0.05 indicating that the model was significant.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-.496	.240		-2.065	.041
	Types of records kept X_1	.597	.125	.442	4.776	.000

Table 18: Table of Coefficients

The following tables 4.24 give the coefficients which help in establishing the regression line
The established regression equation was
$Y = -0.496 + 0.597 X_1$

The study revealed that a unit increase in types of records kept, would promote performance of furniture business in Machakos County by a factor of 0.597, and vice versa. The analysis was undertaken at 5% significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the obtained probability value and $\alpha=0.05$. If the probability value was less than α, then the predictor variable was significant otherwise it wasn't. All the predictor variables were significant in the model as their probability values were less than $\alpha=0.05$

5. Summary of Findings Conclusion and Recommendations

5.1. Summary of the Findings of Business Records Maintenance
The study established that very few number of furniture business entrepreneurs in Machakos county maintained business records, regression results show that a unit increase in types of business operations records kept, would promote performance of furniture business in Machakos county by a factor of 0.597, among the records maintained by furniture business entrepreneurs in Machakos County included purchases' invoices records, cash sales record customers' orders record, and completely done items record.
The study also found out that significant number of furniture business entrepreneurs in Machakos County do not keep records pertaining to business operations. These findings concur with findings in a recent study in Tanzania. Adejei, Collins and Christian (2014) who found that, there was poor financial record keeping and inadequate financial reporting among SMEs in the country.
The research revealed that proprietors in furniture business didn't maintain records to monitor the business operations, others indicated that they maintained records not for the sake of compute accounting data, others maintained records not for the sake of financial ratio analysis, others indicated that they didn't maintain records to establish order levels for materials or accurately evaluate personnel or to track the labour utilization and to project profits.
The study established most of the furniture entrepreneurs in Machakos didn't personally maintain business records themselves with very many that tasked the responsibility to manager or outsourced professionals from outside. The research noted that considerable number of entrepreneurs have never recorded business transactions.

5.2. Conclusions
The study concluded that record kept have a little influence on the performance of furniture workshops in Machakos County. The study deduced that very few number of furniture business entrepreneurs in Machakos county maintain business records, among the records which are rarely maintained by furniture business entrepreneurs in Machakos County included purchases' invoices records, cash sales record customers' orders record, and completely done items record, majority of the furniture business entrepreneurs in Machakos County do not keep complete accounting records due to lack of accounting knowledge.

5.3. Recommendations
The current study would recommend to the county Government and other stakeholders responsible for Small business and enterprises development should develop the suitable record keeping guidance which will be easier and simple to understand with such sector. This guidance system may goes together by establishing a record keeping be legal mandatory to all SMEs business.
County government in conjunction with the national government should develop training programmes and courses aimed at small business owners and their respective staffs. This will ensure that the small business owners are equipped with adequate business knowledge as will result to respect on record keeping of their business.
The findings vividly show that there is generally lack of knowledge of recordkeeping by the owners or managers of furniture business entrepreneurs in Machakos County. Although some are willing to learn about the recordkeeping others are not motivated enough and therefore recommended that some incentive be put in place in terms of policy to force them practice the recordkeeping for their enterprises. Further, this study recommends that record keeping in furniture business entrepreneurs must be made mandatory to improve their accounting practices and increase chances of them improving their business operations.

5.4. Recommendation for Further Studies
The aim of any business operation regardless of its size is to make profit. Research findings have shown clearly that for a business operator to make profit accurate recordkeeping of business records is vital. To further support the management and growth of the furniture business entrepreneurs in Machakos County this study suggests that:
There is need to carry out a study of this kind but targeting the medium entities. Given that the need for accurate account recordkeeping increases with the expansion of growth in size of a business there is a need to find out how the furniture business in Machakos County are performing in terms of the recordkeeping. Training of managers or owners of furniture business on the account recordkeeping skills is emphasised in this study. In rue of this, this study suggests that a research be conducted to find out the best way to approach the training or to come up with a training programme for these entrepreneurs which will not disrupting the operation of their businesses.

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