PRESBYTERIAN UNIVERSITY COLLEGE, GHANA

OKWAHU CAMPUS, ABETIFI

DEPARTMENT OF BUSINESS ADMINISTRATION

TOPIC

THE ROLE OF ACCOUNTANT IN THE MANAGEMENT OF SMALL AND MEDIUM SCALE ENTERPRISES

A CASE STUDY OF ACCRA METROPOLIS

A REPORT SUBMITTED IN PARTIAL FULFILLMENT FOR THE AWARD OF BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION (ACCOUNTING AND FINANCE OPTION)

BY

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OK751/07

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DECLARATION
CANDIDATES DECLARATION

I hereby declare that this long essay “The central role of accountants in the management of small and medium enterprises”. This work submitted as thesis to the Department of Business Administration Okwahu campus of the Presbyterian University College, for the award of Bachelor of Science (BSc) in Business Administration, (Accounting Option), is the result of my own effort and that it has not been presented elsewhere for any other academic degree other opinions that are not my own and all references cited therein have been accordingly acknowledged.

Candidate:………………………………………………………………………………
Date:……………………………………

SUPERVISORS DECLARATION

I hereby declare that preparation of this long essay was supervised in accordance with the guidelines on supervision of long essay laid down by the Presbyterian university college.

Supervisor:………………………………………………………………………………
Date:……………………………………
DEDICATION

Dedicated to:

My parent Mr. & Mrs. Osae-Apenteng and My siblings Hector Jnr and Kevin

For teaching me how to be strong when all hopes seems lost
ACKNOWLEDGEMENT

Everybody needs somebody in order to hit the line light, and it is upon this basis that I seize the opportunity to express my heartfelt gratitude to all who assisted me.

It will not be possible to make specific mention of all those who have contributed to my education and also to the writing of this project work. I will however attempt to make some specific mention of some who been most inspiring and helpful.

I am greatly indebted to my supervisor Mr. S.K. Sarpong (Head and a lecture of the Business Department of Presbyterian University College, Abetifi Campus) who’s patience, support, encouragement and welcoming attitude he exhibited during the research period.

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Not forgetting my family on campus the NUPG Choir for their continuous, unwavering support for my educational goals. All of you are truly remarkable. I am proud to be part of this family.

Finally I thank my maker for the strength and opportunities, he offered me throughout.
ABSTRACT
This study seeks to find out the role of the accountant in the management of small and medium enterprises. The purpose is to highlight the potential contribution the Accountant could make to the development of Small and Medium Enterprises, which have been recognized as the engine of growth of the Ghanaian economy.

Owing to the contingencies beyond the researcher, a simple sample method was adopted to select respondents.

Questionnaires and unstructured interviews were used to collect information from respondents. Also personal observations were used to foster understanding of responses. Frequency distributions and charts were used to analyze data. The report of the researcher is descriptive in nature.

The study reveals that accountants play a major role in the development of Small and Medium Enterprises.

Based on the findings of the research, I recommend that more professional Accountants should be trained to handle their specialist helps to enterprises. Enterprises should be encouraged to use the services of the Accountant.
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CHAPTER ONE (1)

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

This is to research into the role of the Accountant in the small and medium Enterprises in metropolis of Accra. It is meant to investigate into the need for small and medium scale businesses to seek the help of the accountant in the proper and sound management of their enterprises.

The role of accountants in business management has been faced with a lot of criticisms over the years. Their work in business has been looked with suspicion. It seems the negative sides of what “certain people who call themselves Accountants” have over-weighed the great need of accountant in business development.

Mention the accountant to the public at large and what comes into the mind of people is a conservative and serious person, dependable and, dare we say it, a miser.

Whilst other professionals like the lawyers and doctors hit the headlines, and have romantic TV dramas made about them. Accountants have always looked a bit too ‘safe’ for some.

It is fair to say that accounting profession has suffered something of an image crisis. Enron brought accountancy into the headlines, thought for the wrong reasons, with the tale of paper shredding, fraud and deleting e-mails, which resulted in the collapse of the world’s largest accountancy firms. Shock waves are still being felt in the profession today.

There is the need to clear the public image about the accountant, uplift the image and restate the importance of the profession, especially their role in the management of small and medium enterprises.

A sound accounting information system is considered a function on which informed decision on business operations are based. Successes or failure of businesses depend on decisions made in administration, financing and investments.
Accounting information is therefore a vital factor in no small way in determining the performance of a business.

The Accountant, with his professional knowledge is able to transform raw data into communicable information for the use of the end users. The end user may be internal – management body, employees, and external – shareholders, creditors, government and others who need the information churned out of the businesses operations to make informed decisions about the business.

In Ghana the size of the accountancy work in small enterprises are done by book keepers, who are usually graduates of the business schools with Royal Society of Accountancy (RSA) and Diploma in Business Studies (DBS) qualifications.

Qualified or Professional accountants are mostly found in bigger companies and some medium size enterprises.

To become a professional accountant in Ghana, one needs to pass (or be exempted from) a series of professional exams and undergo a period of relevant practical training.

The main accounting body which train professionals in Ghana is the Institute of Charted Accountants (Ghana).

Other foreign professional bodies whose qualifications are acceptable in Ghana include the following:

- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Public Finance and Accountancy (CIPFA)
1.1 PROBLEM STATEMENT

Despite the benefits derived from keeping appropriate accounting system and engaging the services of qualified accountants, most businesses try to do without them resulting in poor growth, financial loss and mismanagement of resources. Corporate failures in the past years provide the impetus for some ground breaking work in the area the importance of the work of the accountant in the small and medium enterprises. The issue was given renewed prominence by the collapse of Enron and World Com.

This has consequently necessitated the research purpose: “The role of the accountant in the management of small and medium enterprise.”

1.2 PURPOSE OF THE STUDY

The purpose of the study is to recount the contribution of the accountants to the management of business entities.

There is no doubt that the role of the accountant has changed dramatically since Luca Pacioli first described double entry book-keeping in his work summa di Arithmetic a, printed in Venice in 1494.

The first accountancy firm was established in Bristol in 1780, and in 1831 a Bankruptcy Act was passed mentioning accountants alongside merchants and bankers as properly skilled to conduct audits (the independent examination of any available evidence of the accounting records and procedures of a business, government unit for the purpose of verifying the accuracy and completeness of the records in compliance with statutory obligations).

The purpose of the study is to investigate the role of accountants in businesses, which has led to the establishment of a number of accountancy firms all over the world, including some accounting firms like Deloitte, Ernest & Young, KPMG and PWC- who style themselves as providers of professional services. They present themselves to clients as
professional advisers, offering solutions to all their business problems. They aim to help business and organizations improve their effectiveness and achieve their objectives.

Employing a wide variety of professionals, who offer a range of expert services. These may include the following:

**Assurance and audit:**

- Inspecting the accounting records and procedures of businesses, government units or other organizations for the purpose of verifying the accuracy and completeness of the records;
- Checking all financial and operating controls a company has in place.
- Reviewing the company’s systems and analyzing risk;
- Performing tests to check financial information and systems;
- Advising clients on areas for business improvement;

**Corporate finance**

- Mergers/Amalgamations
- Acquisitions
- Fund-raising
- Public/ private partnerships.

**Corporate recovery/insolvency**-helping failing businesses recover.

**Forensic accounting**

- Quantifying losses arising from theft, frauds and accidents
- Advising on disputes which may arise from mergers and acquisitions.
- Tracing and recovering assets.

**Tax**
• Advising clients on the most tax efficient way of conducting their affairs within current legislation to enable them minimize their tax liability.

• Advising clients on the tax issues associated with activities such as business acquisition and mergers.

• Calculating tax liabilities for clients and liaising with internal Revenue and Customs Authorities on their behalf.

Financial Outsourcing

• Providing the total finance functions of a business, such as running payroll etc.

Financial Accounting

• Keeping track of all financial transactions and preparations of accounts.

• Preparation of financial statements, including monthly and annual accounts.

Management Account

• Providing management with information with information needed to make decisions.

• Providing financial support to business divisions.

• Preparing and controlling budgets.

• Preparing financial management report, including financial planning and forecasting.

1.3 SIGNIFICANCE OF THE STUDY
The research is in partial fulfillment of the requirements of the bachelor course in accounting at the Presbyterian University College (P.U.C)
It is also meant to provide an insight into how business entities can benefit from professional accountancy services, and to help entrepreneurs, manager and other decision makers to appreciate the need of accountants in taking efficient and effective decisions.

Generally, accountants are needed in every business organization, and since the accountant play a vital role in the management of all business. It is very essential that appropriate policies are put in place to ensure an efficient and effective utilization of accountants in every organization.

1.4 OBJECTIVES OF THE STUDY
To research into the role of accountants in the management of SMEs, Greater Accra Region (metropolis of Accra).

1.5 SPECIFIC OBJECTIVES
- To identify the benefits of SMEs in our economy
- To know the roles of accountants.

1.6 RESEARCH QUESTIONS
The research seek to find solutions to these questions

- Are accountants helpful in business decisions?
- Are qualified accountants limited or few in the business sector as said by the public?
- Do people who are interested in the business feel the impact of accountants?
- Do accountants have a major role in business management?
- To identify the criteria for acceptance as their capacity to render effective services to society
- What nature of the effective services accountant can render to SMEs in Ghana?
1.7 SCOPE OF THE STUDY
This research is centered on the role of accountants in the management of Small and Medium Enterprises in Ghana but focusing on some businesses in the Greater Accra Region.

1.8 LIMITATION OF THE STUDY
Given the limitation of finance and time period involved, the study would be limited to only the Greater Accra Region. Also, only fifty respondents would be contacted within the region.

It is anticipated that not all questions will be answered correctly, some questionnaires would also not be returned. Some respondent would also not be willing to divulge information.

However, it is hoped that the research, despite the above anticipated problems, information received would be cross checked to ensure that the quality and authenticity of the research is maintained.

ORGANIZATION OF THE STUDY
This work is carried out in five chapters.

Chapter one: contains the introduction as well as the objectives and significance for this research. Also this chapter deals with the problem statement and a number of limitations encountered in the course of the research.

Chapter two: concentrates on the review of previous related works resulting from a literature survey with required references.

Chapter three: Description of the model, sources of data analysis with references to the specification of the model, sources of data and methods of data collection and the techniques of data analysis and statistical methods are all treated in this chapter.
Chapter four: set out to outline the results of the research carried out. It also focuses on the detailed presentation of the data collected and its analysis. These data are presented using statistical methods and where necessary diagrams.

Chapter five: discusses the results from chapter four and draws conclusions from them. Based on the conclusions, recommendations are also put forward.

CHAPTER TWO (2)
LITERATURE REVIEW

2.0 INTRODUCTION
This chapter begins by looking at the literature that will give considerable information about financial information and the Management of Small and medium Enterprises, bringing out the interdependence and interrelation of one to the other.

2.1 THE PROFESSIONAL ACCOUNTANT
The researcher will begin by looking at the International Federation of Accountants and their ethics for Professional Accountants. The federation of Accountants bodies in 1990 published its guidelines on the ethics for professional accountants. Its main aim was to provide a basis on which ethical requirements for professional accountants in each country should be founded. It went on to say that society has high expectation of the profession and therefore an essential pre-requisite for any group of professional accountant in the acceptance and observation of professional ethical standards regulating their relationship with accounting information user.

The Federation also said Professional Accountants need to have a thorough appreciation of potential ethical implication of the profession and management decisions, as well as an awareness of pressures of observing and upholding ethical standards which may fall on those involved in the decision making process. Professional Accountants today, have an increasing role in decision making in businesses. They operate in a changing world where corporate collapse, business impropriety, regulatory failure and environmental disaster are the order of the day.
The researcher strongly agree with the Federation, in that standards in business are based on commonly accepted principles of behavior established by the expectation of society, the firm and individual personal values. Again, one of the characteristics of a profession is to have code of ethics which will help identify members as well as guide them in the performance of their work as accountants.

Looking at the scope within which accountants work, a well-defined code of ethics will aid their work in the right direction and also ease the misconception that accountants are a band of cheats. Furthermore, it will bring sanity into the profession and accurate financial information needed for management decision making will always be available.

The researcher also noted that if managers, employees and executives will account according to the highest ethical standards, firms will maintain their trust and goodwill.

It has been realized that the accounting profession in Ghana is still in its developmental stages. There is still a shortage of professional accountants in the country. The few that are available seem to be too busy with their professional practice rather than spend time on research and also undertake activities that might be of interest to the nation and business.

It is now obvious that sound accounting principles and practice can supply the information, implementation and review.

The front page of the Ghanaian Times as far as January 22, 1974 had the following headline: “Train more Accountants”.

The first paragraph of the text read:

“Ghana needs an intensive recruitment of experience Professional Accountants in the high echelons of the public service to rectify the unduly late submission of the accounts of the enterprises, some of which are three or four years in arrears”.

This statement is also true for the business sector for the prompt and accurate generation of information for business decision making.

This also goes on to confirm the fact that accounting information plays a vital role in enterprises and therefore the need for more accountants in the systems.
Ato Ghartey, in his book “Antecedent and significance of accountancy in development-The case of Ghana”, noted that the failure of the Ghanaian entrepreneurship can, to a very great extent be attributed to lack of business expertise, rather than capital. This explains why a number of well-meaning enterprises with very good prospects fail in Ghana.

This literature wish to restate the fact that capital is not the problem, but it is concentrated in the hands of people who lack expertise, and are neither prepared to employ the services of, nor seek help from those with the business expertise.

The situation in the business scene s made worse by the fact that there is the lack of appreciation for accurate accounting information by entrepreneurs. Many Ghanaian businessmen regard the preparation or keeping of accounting information as a necessary evil, they keep accounts because the financial statement are required by tax authorities, the Registrar General, their bankers and for such other purposes.

The researcher continues to look at various bodies and writers for an operational definition for accounting. Since accounting is dynamic, it has become difficult to give a single definition. In their work, accounting theory and Practice, Glantier and Underdown observed, Accounting is seen by one school of thought as a systematic means of recording, summarizing, analyzing and interpreting financial transactions in such a way that:

- Conclusion can be drawn
- Deductions and forecasting can be made
- Decisions can be arrived at.

This definition points out that scattered data on accounting need to be put together, as well as determining how each piece of financial information will affect the business and then preparing an analysis of the summarized report to allow owners managers and others to make informed decision.

The American Accounting Association (AAA) (1976) defined accounting as “Providing information which is potential useful for making economic decision, which when provided will enhance social welfare”. I wish in my research, to restate the fact that accounting services and information are great tools for providing decision making information and when used effectively will help the growth of businesses.
Modern accounting information system concentrates on presentations to management, useful data to aid decision making. Management Information System is concerned with the coordinating and managing the flow of economic data to all sections of the organization and interested parties. Accounting information, when released promptly and in the required format, help management make good use of them for the benefit of the various users.

2.2 MANAGEMENT

Druker, in his book, management, task responsibilities and practices, noted that the word Management is singularly difficult term to define. It denotes a function by most people who discharge it. It also denotes not only a social responsibility, position and rank but also a discipline and a field of study.

Although the researcher agrees on the difficulty in the definition, one thing all must know is that, here is something common to all business and that management is a function. (Management task and Management work).

Secondly, in all businesses, management is the effective and active organ, and therefore if a business is to grow management must perform effectively.

An eminent authority on management principle, Brech, recommends the definition of management, which has been regarded as the most appropriate for general usage as: “A social process entailing responsibilities involving:

- Judgment and decision in determining plans and using data to control performance and progress against plans.
- Guidance, integration, motivation and supervision of personnel composing the enterprise and carrying out its operations”

The above definition shows that there are three parts to the definition of management process:

- The coordination of resources,
- The performance of managerial functions as a means of achieving coordination
- Establishing the purpose of the management process.
Management is a social process because it comprises a series of actions that leads to the attainment of certain objectives. Also these actions are principally concerned with relations between people.

Finally, I will conclude by saying that, from the various literatures, it shows clearly that accounting information and management are interdependent. Thus when accounting information are gathered and analyzed, it must be made available to management, which is the organ of business whose performance determines the survival of the enterprise.

Without accounting information, management cannot make any meaningful decision to strategically enhance business growth.

2.3 THE ROLE OF ACCOUNTANTS

It is very important for one to understand the role accountants play in the success of today’s small business? Unless you happen to be an expert on accounting, tax and finance, you need an accountant.

A professional accountant is well trained and should be able to help you save money as well as add value to your starting or existing business.

Accounting can be defined as a systematic means of recording, summarizing, analyzing and interpreting financial transactions in such a way that conclusions can be drawn, deductions and forecasting can be made and decisions can be arrived at.

This explains that the accountant accumulates scattered accounting data needed to be put together to determine how each piece of financial information will affect the business and then prepare analysis of the summarized report to allow owners, managers, and others to make informed decision.

Employing a wide variety of professionals, who offer a range of expect services to enterprises. These may include the following:

2.1.1 Assurance and audit

- Inspecting the accounting records and procedures of businesses, government units or other organizations for the purpose of verifying the accuracy and completeness of the records.
• Checking all financial and operating controls a company has in place.

• Reviewing the company’s systems and analyzing risk.

• Performing tests to check financial information and systems.

• Advising clients on areas for business improvement.

• Internal audit.

• Sustainability reporting.

• Actuarial insurance services.

2.1.2 Corporate finance

• Mergers;

• Acquisition;

• Fund-raising;

• Public/private partnership

• Tax services

• Wealth management services

• Corporate finance services

• Business valuations

• Feasibility studies

• Dispute and litigation support

• Strategic business planning

• Business recovery services

• Business technology and consulting services

• Grants and economic incentive
• Corporate recovery/ insolvency-helping failing businesses recovery

2.1.3 Forensic accounting
• Quantifying losses arising from theft, frauds and accidents.
• Advising on disputes which may arise from mergers and acquisition
• Tracing and recovering assets.

2.1.4 Tax
• Advising clients on the most efficient way of conducting their affairs within current legislation to enable them minimize their tax liability.
• Advising client on the tax issues associated with activities such as business acquisitions and mergers;
• Calculating tax liabilities for clients and liaising with internal revenue and customs authorities on their behalf.

2.1.5 Financial outsourcing
• Providing the total finance function of a business, such as running payroll,
• In addition to these financial services, the accountant may also offer actuarial services, insurance and pensions services, human resource services and IT solutions.

2.1.6 Financial Accounting
• Keeping track of all financial transactions and preparation of accounts.
• Preparation of financial statements, including monthly and annual accounts.

2.1.7 Management Account
• Providing management with information needed to make decisions;
• Providing financial support to business divisions;
• Preparing and controlling budgets;
• Preparing financial management report, including financial planning and forecasting.
2.4 CONCEPT OF SMALL AND MEDIUM ENTERPRISES (SMEs)

There is no single uniformly accepted definition of small and medium enterprises. Various attempts have been made to use firms’ level of capitalization, sales, and employment. Others have tried to use measures of size - number of employees, turnover, profitability, and net worth. But when applied to other sector could lead to all firms being classified as small, while the same size definition applied to different sector could lead to a different result. Small and medium enterprises (SMEs), defined by the Australian Bureau of Statistics (2001) as a business (excluding agriculture) that employs no more than 200 people, have been a key force in many economies of the world, and they will continue to maintain their dominance in future (Arnold, et al. 1984; Mitchell and Reid, 2000). Some have labeled SMEs as ‘gazelles’, the reasons being their ability to grow quickly, their flexibility to adjust to ‘niche opportunities’, a feature of today’s economy, and their ability to quickly adjust to conditions during good and bad economic times (Mitchell and Reid, 2000; 385). It is argued that only a very small percentage of SMEs may actually be gazelles and the vast majority struggle for survival and continuity in the long run (ibid). There are numerous reasons for SMEs’ failure to grow and maintain long-term continuity, an important one being that many owner managers ‘have little or no conception of workings of, or problems encountered in managing a SME (Kirby and King, 1997). Under these circumstances, training and experience in managing a SME, and the role of management accounting information, both have an important part to play with respect to monitoring and control of the activities of SMEs. We argue that like large firms, SMEs’ also require adequate and also sophisticated management accounting techniques and systems to better manage scarce resources and enhance customer and owner/manager values. In spite of the economic and social importance of SMEs, provision for management accounting information and management accounting research initiatives in SMEs have both been considerably lacking (Kirby and King, 1997; Marriott and Marriott, 2000; Mitchell and Reid, 2000). Issues that problematize these include, among others, cost factors, presentation style, the expertise of accountants in public practice and lack of research opportunities in SMEs. Indeed these drawbacks provide challenges to the researchers, educators, practitioners in (management) accounting, and the accounting profession as a whole.
The Ghana statistical services (G.S.S) consider firms with less 10 employees as small scale enterprises, and with their counterparts with more than 10 employees as medium and large enterprises.

Other criterion used in defining Small and Medium Enterprises (SMEs) is the value of assets in the organization.

The Nation Board for Small and Medium Industries applies both the “fixed asset and the number of employees criteria”

It defines a small enterprise as one with not more than nine employees, has plant and machinery (excluding land, building and vehicles) not exceeding thousand Ghana cedi(s).

The Ghana enterprise Development Commission (GEDC) on the other hand uses a thousand Ghana Cedi(s) upper limit definition for plant and machine for small scale enterprises.

Small and Medium in Ghana can be categorized into rural enterprises.

The urban enterprises can be supervised into ‘organized’ and ‘unorganized’ enterprises. The organized ones tend to have paid employees with a registered office, whereas the unorganized category is mainly made up of artisans who work in open spaces, temporary wooden structures, containers, or at home and employ little capital, or in some cases no salaried workers seeking to do some income earning business to supplement their regular income.

They rely mostly on family members or apprentices.

Rural enterprises are largely made up of family groups, individual artisans, women engaged in food production from local crops.

Small and Medium Enterprises in Ghana range from farming activities, agri-business, light manufacturing, art and craft, textile and garment, tourism, financial services, construction business, carpentry just to mention few.

The operational definition for the research is: Small Enterprises are those that employ less than ten employees and have assets excluding building valuing less than thousand Ghana cedi(s).
Medium Enterprises are those that employ more than ten people and have assets more than thousand Ghana cedi(s).

Aluminum fabricating industries like Domond Limited, fast food joints at Osu like Frankie’s, Papaye, Hords Limited, which process dried cocoa beans into ‘Brown Gold’ who employ more than ten people and have assets valuing more than thousand Ghana cedi(s) fall into the Medium industry category, whilst the spare parts dealers at Abossey Okai and Kokompe in Accra who operate from rented premises, the various traders forming the Ghana United Traders association in Makola, Kaneshie and others that have assets valuing less than ten million cedi(s) and employing less than ten people fall under the Small Enterprises.

The Small Enterprises in developing countries has been taunted as the engine through which the development objectives of these countries can be achieved, it is estimated that the sum employ about 22% of the adult population of developing countries, and 15.5% of the labour force in Ghana. (Parker et al, 1994).

It is also claimed that the sectors output as a percentage of GDP accounted for 6% in Ghana in 1998.

2.5 IMPORTANCE OF SMEs

The importance of SMEs to the industrial growth of the developing countries is based on the fact that, the large scale industries has not significantly helped their growth and a provider of employment as expected, despite the enormous support through general trade finance, tax policies, and direct subsidies.

SMEs, in this respect have been thought of as the engines of growth of the country by successive governments, how immediately they settle down for business they seem to have forgotten their promises.

Small scale rural and urban enterprises have been one of the major areas of concern to many policy makers in an attempt to accelerate the rate of growth in low income areas in the country. They are the potential sources of employment and income in many of the rural areas.
The important role performed by these enterprises cannot be over looked, they have advantages over the large scale competitors, in that they are able to adapt more easily to market conditions given their broadly skilled technologies.

Due to their flexibility nature SMEs are able to withstand adverse economic conditions. They are more labour intensive than larger firms and therefore, have lower capital cost associated with job creation.

SMEs perform useful roles in ensuring income stability, growth and employment. Since they are labour intensive, they are more likely to succeed in smaller urban centers and rural areas, where they contribute to a more even distribution of economic activities and can help slow the flow of migration to the large cities.

Because of their regional dispersion and their labour intensity, it is argued that small scale production units can promote a more equitable distribution of income than large firms.

They also improve efficiency of domestic markets and make productive of scarce resources, thus facilitating long term economic growth.

2.6 CONSTRAINTS TO SMEs DEVELOPMENT

Despite the widely held view that the small and medium Enterprises (SMEs) are the engine of growth and economic development of the country, and also despite the wide ranging reforms to help these industries grow; they face a variety of constraints which restrains their desired growth.

- **Financial Constrains**

Access to finance remains a dominant constraint to SMEs in Ghana. Credit constraints relating to working capital and raw materials acquisition have been cited as one of the main concerns of SMEs.

This stems from the fact that they have limited access to capital markets both local and internationally, mainly due to the perception of their high risk, difficulty in getting credible information on them and the high cost of accessing loans from the banks. As a result, SMEs often cannot obtain long term finance in the form of debt or equity.

- **Labour Market**
This seem a less important constraint considering the wide spread unemployment or underemployment in the country. SMEs generally use simple technology which does not require highly skilled workers. However, where skilled workers are required, insufficient supply of them can be limited to specialization opportunities, their high cost and the reduced flexibility in managing operations. SMEs as result find it very expensive employing Professional Accountants, engineers and other required for efficient growth of the enterprise.

➢ **Equipment and Technology**

Small and Medium Enterprises (SMEs) have difficulties gaining access to appropriate technology and information on available technologies. This limits innovation and their competitiveness and also restricts incentives for innovation.

➢ **Domestic Demand for Their Products and Services**

Many proprietors of SMEs complain of marketing constraints as one of their problems. There are varying levels of uncertainties caused by micro economic instabilities, especially, high cost of fuel and other utilities and the lack of governmental commitment for the private sector development. Recent economic policies have led to a decline in the role of the state in productive activities, but renewed a government interest in making the private sector the engine of growth of the economy has created new opportunities.

Nonetheless, limited access to public contracts and sub contracts, rising from cumbersome bidding procedures, or lack of information limits the SME participants in this market. A case in point is the unsuccessful attempt by the association for the Physically Disabled to supply chalk to the Ministry of Education.

Also, inefficient distribution channels often dominated by larger firms pose important limitation to market access for SMEs

➢ **International Markets**

Previously insulated from international competition, many SMEs are now faced with greater external competition and the need to expand market share. This problem is mostly identified in medium scale enterprises whose products have imported substitutes. Limited international marketing expediencies, poor quality control and product standardization limits their access to the international market.
Managerial Constraints

Lack of management know how places significant constraints on small and Medium Enterprises (SMEs) development. Though they attract motivated managers, they hardly compete with large firms for highly skilled professionals to strategize their growth.

2.7 RELATIONSHIP BETWEEN THE ACCOUNTANT AND THE SMEs

The main purpose of this research is to determine the role of the Professional Accountant in the management of SMEs.

The previous chapters, the accountant was seen as having the role of assembling financial data, to provide meaningful information for managerial decision making. It is therefore evident from this general definition that, Small and medium enterprises to perform efficiently to enhance their profitability and growth, they will need services of the accountant to provide the required information to take decisions for growth.

Independence is highly valued within the small business, especially the family ones, expressing fears about relinquishing control to outside experts.

Statistics show that only a small percentage of small businesses start ups in Ghana make it through to thirds generation survival.

Experience and research confirms that clashes that often exist between small businesses and external adviser evolves around the family behavior, their style of operation and strategy for growth.

The accountant has a role to assist in solving these tensions and facilitating the future of these firms. He (the Accountant) is usually brought in because of their technical abilities. Over and above this, they are sometimes thought to be ‘men of business”, to have the potential to bring in a broader perspective which knowledge of a wider environment, and review current practices, procedures and strategies. Also more importantly and often overlooked are the wider skills of business which he brings. Having worked within and with professional firms for many years, the accountant may identify those skills that contribute to client’s success.
In their write up titled: don’t let your client become a succession statistic! Martyn Robertson and Fiona Westwood developed a model to illustrate the key attributes of a good business adviser, which I think reflect the linkage of the accountant to the business development of the SMEs.

**Figure 1: Key Attributes of a Good Business Adviser**

![Diagram showing key attributes of a good business adviser]

The model illustrates the need to ensure that the professional support addresses all the five key areas- sound analytical skills, broad frame of reference, good structuring skill, strong interpersonal skill and a good knowledge of the external environment.

Those five skills need not be taken for granted by the professional accountant; especially the interpersonal issues of family and small scale enterprises should not be underestimated. The contribution of the accountant to business growth as a result of his/her outlined in the “good adviser” model above can be analyzed as follows:
Figure 2: Illustration Of Links Between Attributes Of A Good Business Adviser With Firms Development And Performance.

<table>
<thead>
<tr>
<th>Good business adviser</th>
<th>Observable responses from key players within client organization</th>
<th>Successful growth elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical skills</td>
<td>Clear understanding of issues, ability to analyze resources and value base</td>
<td>Effective resources allocation.</td>
</tr>
<tr>
<td>Broad frame of reference</td>
<td>Increased external awareness, ability to respond to external environment.</td>
<td>Strong adaptation to external environment.</td>
</tr>
<tr>
<td>Environment knowledge and personal networks</td>
<td>Develop personal contracts network, expand knowledge and resource base, improve productivity and effectiveness and expand client base.</td>
<td>Ensuring mastery of technology, including resources and skills.</td>
</tr>
<tr>
<td>Interpersonal skills</td>
<td>Good working relationship, open communications, sharing of knowledge and</td>
<td>Strong leadership and effective communications</td>
</tr>
</tbody>
</table>
There is a strong case that SMEs require external support and advice because of the absence of in-house expertise. This is especially the case when there is change within the

| Structuring skills       | Agreed outcomes are implemented, future actions identified and resources sourced. | Smooth flows of work and effective co-ordination |
enterprise, such as growth, succession or takeover, or an external environmental change. Research has found that a major stimulant for SMEs external advice has been growth in the amount of government regulation and demands by SME clients for monitoring and quality control.

This tabulation above allows a direct comparison between the skills of a good business adviser like the accountant and their impact on business success.

Not only does this reinforce the importance of the accountant to the development of the small and medium businesses, it is also not only his/her professional output that is important – e.g. tax minimization, sourcing funds etc., rather the essential benefits are in bringing clearer understanding of issues, increased external awareness, development of personal contact networks, good personal relations and openness of communications, all ensuring that agree actions are implemented to allow the small and medium enterprises have a future.

CHAPTER THREE (3)
RESEARCH METHODOLOGY
3.0 INTRODUCTION
This chapter deals with the techniques, skills and methods used by the researcher to conduct her research. It is the researchers’ main priority that her work will produce meaningful and accurate facts so as to enable others to depend and also build upon.

The research into the issue” the role of accountants in the management of small and medium enterprises” needs a well-defined and an orderly approach in gathering relevant data to achieve the research objectives. This chapter gives full description of methods used to obtain information on the topic. It would categorically lay emphasis on the following: Research design, population, data collection techniques, sample and sampling procedures.

3.1 STUDY AREA
The study or research area was limited to the small-scale business entreprises of the Accra Metro Area. The Accra metropolis has a total land size of 200 square kilometers and is made up of six sub metros namely Okaikoi, Ashiedu Ketekte, Ayawaso, Kpeshie, Osu Klotey and Ablekuma.

The Accra Metropolitan Area is governed by The Accra Metropolitan Assembly (AMA). The Southern boundary of the Metropolis of Accra is the Gulf of Guinea from Gbegbegese to the Mukwe Lagoon near Regional Maritime Academy. The boundary continues along the Maritime Road to join the Accra-Tema road to Nungua Police Station Barrier.

It turns right to the Ashaiman Municipal road till the Railway overhead Bridge on the Motorway and continues to Mile Post 91/2. From here the boundary continues to the road between the Institute of Professional Studies (IPS) and the Accra Teachers Training College (ATRACO), westwards crossing the Accra-Aburi Road to the University of Ghana behind the great Hall to Kisisem and Christian Village to join the Accra Nsawam Road at the Achimota Brewery Road Junction.

It turns left for 500m to the Aayeayeefee Street junction and through the Aayeayeefee Street to the Bridge over the Achimota Stream, then turns right along the stream to the high tension lines to the Achwilage Street and through Achwilage Street to the range of the Awoshie Hills and turns left again along the hills to the boundary between Kokroko...
and Awoshie (Ga South Municipal), from here it turns left along the swampy area and crossing the motorway through the swampy area to the bridge on the Sakumono Stream on the Accra-Winneba road and stretching along the stream till the starting point at Gbegbeyese.

Notwithstanding these boundaries, there are however some conflict points with adjoining district Assemblies, namely the Ga District Authority (GDA) and the Tema Municipal Authority (TMA)

### 3.2 HISTORY OF ACCRA
The capital was transferred from Cape Coast 125 years ago. Accra is derived from the Akan “nkran” meaning “an army of ants”. It is apparent that the name “nkran” or “nkranfo” is attributed to the thousands of anthills, which dotted the Accra plains. Ghana’s first President, Dr. Kwame Nkrumah, declared Accra a city – the first city of Ghana, in 1961. Accra is not only the seat of Government but also the capital of the Greater Accra Region. Its outlets and inlets cover sea, air and land including rail and motorways.

Thus, links to the outside world and the other parts of the country were created. Accra is set to play a unique role. Accra opens like a huge page against the sky, showing its tropical and lush panoramic setting. There are about 44 foreign embassies in the city of Accra.

### 3.3 HISTORICAL BACKGROUND OF A.M.A
The first attempt to set up a town council dates back to 1859 under an Ordinance, which was repealed in January 1861. In 1898, however, the Accra Town Council was formally established under the Town Council Ordinance of 1894.

The first meeting of the Council was held on 14th February of the same year. In 1943, the Accra Council was established under the Accra Town Council Ordinance of the same year.
In 1944, a new Constitution came into being after the Accra Town Council had existed for 46 years with an elected membership of seven – five appointed by the Government and two by the Ga Native Authority.

The Constitution was again revised in September, 1953, thus increasing the membership from 14 – 31, and establishing the Accra Municipal Council; 27 representatives for the Wards and four representing the Traditional Authority.

After Ghana had attained Independence, an amendment to the 1953 constitution removed traditional representation completely. The Council thus became a wholly representative institution.

The Accra City Council was the first of the 58 District Councils to be integrated under the New Local Government System to promote efficiency in the administrative machinery of the Council and to meet the ever-pressing demand for amenities and essential services by the rate payers. Six Area Councils were created under the new system. They are Ablekuma, Ashiedu Keteke, Kpeshie, Okaikwei, Osu-Klottey, which are semi-autonomous.

On 29th June 1963, Accra was declared a City and the Council thus became the Accra City Council. A further development took place in March, 1963 with the establishment of the Accra-Tema Development Corporation with responsibility for certain functions that were formerly carried out by the Council.

The Accra City Council was dissolved in August 1964 and the Greater Accra Area was created and a Special Commission appointed. The Special Commission was made administratively responsible for the Accra-Tema City Council. In the same year, the Executive Chairman of the Accra-Tema City Council was appointed.

3.4 MISSION OF ACCRA METROPOLITAN ASSEMBLY

The Accra Metropolitan Assembly exist to raise the living standard of the people of the city,
especially the poor, vulnerable and excluded by providing and maintaining basic services and facilities in the area of education, health, sanitation and other social amenities

3.5 POPULATION GROWTH AND DENSITY

The growth and development of Accra could be attributed to the building of three European forts as trading posts. The first of these was Fort Crevecoeur, built by the Dutch in 1650, which was later renamed Ussher Fort. In 1661 the Danes built the second, Christianborg Castle at Osu, about three kilometers from the center of Accra. Fort James built by the British followed this in 1673.

For several years, the Christianborg Castle was the official residence of the Governors of the Gold Coast. After Independence, however, it was renovated in a manner befitting the seat of the Ghana Government, and renamed THE CASTLE. The other two forts in Accra were converted into prisons, the James Fort and the Ussher Fort Prisons.

Accra has been Ghana’s capital since 1877, and i 1,695,136 million people and an annual growth rate of 3.36%. The Accra Metropolitan Assembly (AMA) is the hub of Ghana. The Assembly has full economic opportunities and potentials that must be harnessed by its inhabitants.

The Metropolis has great potential for the development of eco-tourism, hospitality, commerce, sanitation and waste management, which is a major challenge to the AMA due to the high density of the population in the city.

Currently, Accra is one of the most populated and fast growing Metropolis of Africa with a population estimated to be 4.5 million people and over 1 million visitors operate in the capital for various businesses daily. This clearly shows that, the capital is over utilized as par to its infrastructure development.
3.6 CLIMATE

The Accra metropolis lies in the Savannah zone. There are two rainy seasons. The average annual rainfall is about 730mm, which falls primarily during the two rainy seasons.

The first begins in May and ends in mid-July. The second season begins in mid-August and ends in October. Rain usually falls in intensive short storms and gives rise to local flooding where drainage channels are obstructed.

There is very little variation in temperature throughout the year. The mean monthly temperature ranges from 24.7°C in August (the coolest) to 28°C in March (the hottest) with annual average of 26.8°C.

As the area is close to the equator, the daylight hours are practically uniform during the year. Relative humidity is generally high varying from 65% in the mid-afternoon to 95% at night. The predominant wind direction in Accra is from the WSW to NNE sectors. Wind speeds normally range between 8 to 16 km/hr. High wind gusts occur with thunderstorm activity, which pass in squall along the coast.

The maximum wind speed record in Accra is 107.4 km/hr (58 knots). Strong winds associated with thunderstorm activity often cause damage to property by removing roofing material. Several areas of Accra experience micro climatic effects. Low profile drainage basins with a north-south orientation are not as well ventilated as that orientated east-west.

Air is often trapped in pockets and an insulation effect gives rise to local increase in air temperature of several degrees. This occurs in the Accra Newtown, sports complex areas.

3.7 RESEARCH DESIGN

The research design for the topic chosen is a descriptive study. This design seeks to gather information so that a description of what is going on can be made. It may be designed also to discover whether there is any relationship between two variables. This was the strategy adopted in tackling the problem associated with it and it sought a detailed investigation of individuals sampled. The design chosen was so flexible that it produced interesting and valuable result.
3.8 DATA COLLECTION TECHNIQUE

Administration of questionnaires and personal interactions, which sought views on the topic of discussion: the indispensable role of accountants in the management of small and medium enterprises” were the major features of the field survey.

Questionnaire is a set of questions drawn up for answering by a number of people independently, usually to provide statistical information. With the questionnaires drawn and the objective as to find out the indispensable role accountants play in the management of small and medium scale enterprises in the Accra metropolis.

The questionnaires will be distributed personally to respondents within the Accra metropolis. This gave the opportunity to establish report and explain the purpose of the study and most important of all to offer all the necessary clarifications required by the respondents.

Each questionnaire was made up of open and close ended questions on the average for category of respondents. The open ended questions were to enable the respondents to freely express their views on particular issues and to give a justification for their answers. On the other hand close ended questions were also supplied where questions involved clear-cut answers and respondents made their choice. The researcher went out personally to distribute his questionnaire to the small-scale businesses operators of whom some were illiterates and needed some explanation to the formulated questions. Also the questionnaire designed for the small-scale businesses operators were distributed to those who were ready to help the researcher obtain the necessary information needed to do his research.

In all fifty (50) questionnaires were given out. Categories of the targeted group had different questions printed for them. The responses gave much reliable information. In most cases, respondents provided almost the same answers to some of the questions, which was an indication that their information was objective and reliable.
3.9 OTHER SOURCES OF INFORMATION

Apart from the questionnaire, personal interactions in the form of interviews with some of the town folks and students who had apparent knowledge about the indispensable role accountants play in the management of small and medium enterprises were contacted to obtain their opinions, with them questionnaires was not distributed. The content of the interview scheduled matched to some extent that of the questionnaire and so allowed the interviewer to probe the respondents in-depth in certain areas of interest. Some of the questions for the interviewers were:

I. Do you seek the services of an Accountant?

II. Do you think without the services of the Accountant your enterprise will suffer?

This method of personal interview and questionnaire administration has an advantage in that it minimizes respondents giving inaccurate information due to misunderstanding of some questions since the researcher was able to explain questions, which were not understood on the spot. This method in addition enabled the researcher to gain more insight into the indispensable role accountants play in the management of small and medium enterprises through discussion with respondents, which could not have been made possible under other methods. The questionnaire captured three important aspects, the information and background of respondents and the main question.

3.10 SAMPLE SIZE AND SAMPLING TECHNIQUE

Due to the topic and research objective, the research was focused on the attention on small-scale business enterprises in the Accra metropolis of the Greater Accra Region. The Accra metropolis was chosen because there are numerous small-scale enterprises some of which are chemical shops, supermarkets, internet cafés, etc.

Moreover, due to the constraints of resources, a sample size of fifty (50) both the management and small-scale business operators was taken to represent the whole population. The technique employed in collecting the data was “stratified sampling”, which is an improvement over the pure random sampling; this is to reduce the possibility
of one sidedness. The small-scale business operators in the metropolis mentioned earlier
on were sub-divided into two (2) groups.

Quotas were assigned to form the sample size of two (2) to represent the population. These quotas were assigned as follows:

- small-scale enterprises                25
- medium-scale enterprises              25

These figures were assigned to the various strata due to the researcher’s perception of the degree of indispensable role of accountants play in the management of small and medium enterprises in the various strata. I perceived that the roles of accountants in the management of small and medium enterprises are much more seen in the various strata in order which they are listed above.

In selecting the quota from each stratum, simple random sampling (random sampling) was applied. This involves the researcher selecting the sample at random from the sampling frame; however, simple random sampling approach ensures that each member of the population has an equal chance of being chosen for a sample.

After the strata have been formed questionnaires were administered to each stratum independently. The number was chosen for convenience to represent the population of the small-scale and medium-scale business owners operating in the Accra metropolis.

The researcher hope that, with such sampling techniques and sample space, a fair representation and randomness will be achieved. There will also be library research to help in the judging and acceptability of the views that will be put forward by respondents.
3.11  DATA ANALYSIS AND PRESENTATION

Data obtained from the questionnaires and other sources of information were analyzed using tables, charts. Each question on the questionnaire was considered as separate from the others and analyzed independently. All questions which demanded “Yes” and “No” answers

The data used for the research work were gathered mainly from questionnaires and interviews. The data gathered were analyzed using both quantitative and qualitative methods of analysis.

Quantitative method of data analysis uses graphs, charts and statistics which help to describe and examine relationships and trends within the data. Quantitative analysis technique assists in the interpretation of data as they are graphically presented.

On the other hand, qualitative method of data analysis refers to all non-numeric data or data that have not been quantified and can be a product of all the research strategies. It usually ranges from a short list of responses to open-ended questions in online questionnaire to more complex response such as an in-depth interview. These are well analyzed or explained in other to give the appropriate or accurate meanings of the data gathered.

3.12  LIMITATIONS

The major problems encountered most often was that of poor reception. Once the business operator realizes that the researcher was not going to buy anything from them rather to seek information, they quickly change their attitude. The small-scale business owners, who have not been paying taxes regularly in the past, do express misgivings at the mere site of tax collecting agents who visit their shops.

Thus anyone involve in any enquiry into their business operations is likely to be accorded poor reception, which is normally accorded to tax collectors. In the bid to also allay the
fears from respondents much time was spent in explaining to them the rationale behind
the collection of data. At certain places, I had to explain or give a brief insight into the
problems facing the small-scale and the role that the accountant can play to sustain the
enterprise to business owners which had necessitated this research. Sometimes, some
respondents become aware after such hectic explanations. Those who proved much
difficult to be convinced were ignored.
CHAPTER FOUR (4)
DATA ANALYSIS AND INTERPRETATION

4.0 INTRODUCTION
This chapter seeks to analyses the findings from the information obtained and gathered. The researcher, researched into the topic; ‘The role of accountant in the management of small and medium scale enterprises’.

Included are further analysis and presentation of the data collected from the test subject and incorporating, the main data pertaining to the research topic and responding to the research question are properly analyzed and the needed presentation given accordingly.

4.1 SMALL ENTERPRISES

TABLE 4.1.1 NUMBER OF YEARS

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1yr – 4yrs</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>5yr – 9yrs</td>
<td>11</td>
<td>44</td>
</tr>
<tr>
<td>10yrs – 14yrs</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>15yrs – 20yrs</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.1.1 Bar graph showing number of year
4.1.1 Analysis on number of years

Table 4.1 shows that out of the twenty five (25) respondents, seven (7) representing twenty eight percent (28%) have been in operation between the period of a year to four (4) years and eleven (11) representing twenty two percent (22%) have also been in business for the past five(5) to nine(9) years. It also indicates that over the past ten (10) to fourteen (14) year only three (3) representing six percent (6%) have been in operational; on the other hand four (4) representing twelve percent (12%) have been in business for more than fifteen years. This analysis points to the fact that the majority of small enterprises have been in operation for more than four (4) years but less than ten (10) years.

**TABLE 4.1.2 NUMBER OF WORKER/STUFF**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9</td>
<td>36</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.1.2 Bar graph showing number of yours of being a non-resident student
4.1.2 Analysis on number of workers/stuff

Table 4.1.2 shows that nine (9) respondents representing thirty six percent (36%) have only one (1) worker, majority twelve (12) respondents representing forty eight percent (48%) have employed two (2) persons, followed by a minority of four (4) respondents representing sixteen percent (16%) have employed three (3) persons. This means most small enterprises employ not more than two stuff/workers.

TABLE 4.1.3 PRESENCE OF ACCOUNTING RECORDS

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>23</td>
<td>92</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.3 Pie chart showing rent payable per month
4.1.3 Analysis on rent payable per month

Table 4.1.3 shows that out of twenty five (25), only two (2) respondents representing eight (8%) do not keep accounting records the rest representing ninety two percent (92%) do keep accounting records. This analysis points out that most small enterprises do keep accounting records.

### TABLE 4.1.4 USEFULNESS OF ACCOUNTING RECORDS

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very useful</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>Useful</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>Less useful</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

![Cone chart showing usefulness of accounting records](image)

Fig 4.1.4 Cone chart showing usefulness of accounting records
4.1.4 Analysis on usefulness of accounting records

Table 4.1.4 shows that out of twenty five (25), eighteen (18) respondents representing seventy two percent (72%) find accounting records very useful, seven (7) representing twenty eight percent (28%) find accounting records useful and none find it less useful. This means the use of accounting records is significant.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>56</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>44</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.1.5 Bar graph showing perception on keeping of records (demanding)
4.1.5 Analysis on perception on keeping of records (demanding)

Table 4.1.5 shows that out of twenty five (25) fourteen (14) respondents representing fifty six percent (56%) do think keeping of accounting records is demanding, whereas eleven (11) representing forty four percent (44%) do think keeping of accounting records is not demanding. This analysis points there is a huge perception that keeping of records is demanding in terms of time and effort.

**TABLE 4.1.6 PERCEPTION ON KEEPING OF RECORDS (INCREASE IN COST)**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>88</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.1.6 Bar graph showing perception on keeping of records (increase in cost)
4.1.6 Analysis on perception on keeping of records (increase in cost)

Table 4.1.6 shows that out of twenty five (25) twenty two(22) respondents representing eighty eight percent (88%) do think keeping of accounting records will increase cost, whereas three (3) representing twelve percent (12%) do think keeping of accounting records will not increase cost. This analysis points there is a huge perception that keeping of records will increase the cost of operating the enterprises.

<table>
<thead>
<tr>
<th>TABLE 4.1.7 PERSON IN CHARGE OF ACCOUNTING RECORDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responses</td>
</tr>
<tr>
<td>Owner/ entrepreneur</td>
</tr>
<tr>
<td>Worker/stuff</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.7 Bar chart showing person in charge of accounting records
4.1.7 Analysis on person in charge of accounting records.

Table 4.1.7 shows that out of twenty five (25) six (6) respondents representing twenty four percent (24%) do have the owner in charge of accounting records, whereas nineteen (19) representing seventy six percent (76%) do have workers in charge of accounting records. This analysis points out majority of enterprise do have their owners taking charge of accounting records.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>No</td>
<td>23</td>
<td>96</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.8 Pie chart showing fixed salary payment
4.1.8 Analysis on fixed salary payment

Table 4.1.8 shows that out of twenty five (25) only one (1) respondents representing four percent (4%) do have fixed salary payment system worker / owner, whereas twenty three (23) representing ninety six percent (96%) do not have fixed salary payment system worker / owner. This analysis points out majority of enterprise do not have fixed salary payment system worker / owner.

TABLE 4.1.9 DETERMINANT FOR REMUNERATION

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>76</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.9 Pie chart showing determinant for remuneration
4.1.9 Analysis on determinant for remuneration

Table 4.1.9 shows that out of twenty five (25) six (6) respondents representing twenty four percent (24%) do have in place what determines remuneration for worker / owner, whereas eighteen (18) representing seventy six percent (76%) do not have in place what determines remuneration for worker / owner. This analysis points out majority of enterprise do not have a clear determinant for remuneration.

**TABLE 4.1.10 ENGAGEMENT OF AN ACCOUNTANT SERVICES**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>84</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.10 Bar chart showing engagement of an accountant services
4.1.10 Analysis on engagement of an accountant services

Table 4.1.10 shows that out of twenty five (25) twenty one (21) respondents representing eighty four percent (84%) have engaged the services of an accountant whereas four (4) representing eight percent (8%) have not engaged the services of an accountant. This analysis points out the fact that the services of the accountant have been highly engaged by small enterprises.

TABLE 4.1.11 COMPUTATION OF TAX DUE

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>17</td>
<td>68</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.11 Bar chart showing computation of tax due
4.1.11 Analysis on computation of tax due

Table 4.1.11 illustrates that out of twenty five (25) seventeen (17) respondents representing sixty eight percent (68%) have had accountants aid in the computation of tax due, on the other hand eight (8) representing thirty two percent (32%) respondents have not had accountants aid in the computation of tax due. This analysis points out that most accountants do aid their various enterprises in computing tax due.

TABLE 4.1.12 ACCESSING VIABILITY TO LOAN

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>96</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.12 Pie chart showing accessing viability to loan
4.1.12 Analysis on accessing viability to loan

Table 4.1.12 illustrates that out of twenty five (25), twenty four (24) respondents representing ninety six percent (96%) have had accountant accessing their viability in obtaining loan and only one (1) respondent representing four percent (4%) respondents have not had accountant accessing their viability in obtaining loan. This analysis means accountants really access the viability of the enterprise in obtaining loan.

**TABLE 4.1.13 ENCOUNTERING PROBLEM**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16</td>
<td>64</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>36</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.13 Pyramid chart depicting encountering problem
4.1.13 Analysis on encountering problem

Table 4.1.13 illustrates that out of twenty five (25) sixteen (16) respondents representing sixty four percent (64%) have encountered financial problem, on the other hand nine (9) representing thirty six percent (36%) respondents have not encountered financial problem. This analysis means that majority of medium enterprises are faced with financial constraints.

**TABLE 4.1.14 AID FROM THE NBSSI**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.1.14 Bar chart depicting aid from NBSSI
4.1.14 Analysis on aid from NBSSI

Table 4.1.14 illustrates that out of twenty five (25) eighteen (18) respondents representing seventy two percent (72%) have obtained some sort of aid from the NBSSI, on the other hand seven (7) representing twenty eight percent (28%) respondents have not obtained any form of aid from the NBSSI. This analysis means that majority of small enterprises have obtained aid from the NBSSI.

4.2 MEDIUM ENTERPRISES

**TABLE 4.2.1 NUMBER OF YEARS**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1yr – 4yrs</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>5yr – 9yrs</td>
<td>9</td>
<td>36</td>
</tr>
<tr>
<td>10yrs – 14yrs</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>15yrs – more</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.1 Pie chart describing number of years
4.2.1 Analysis on number of years

Table 4.2.1 Shows that out of twenty five (25) respondents, five (5) respondents representing twenty percent (20%) have been in business within the period of 1yr to 4yrs, nine (9) respondents representing thirty six percent (36%) have been in operation within the period of 5yrs to 9yrs, within the period of 10yrs to 14yrs eight(8) representing thirty two percent have been in business and only three (3) representing twelve percent (12%) have been in operation with the period of 15yrs or more. This means most enterprises are young enterprises.

**TABLE 4.2.2 DESCRIPTION OF BUSINESS**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Retail</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

![Fig 4.2.2 Bar chart showing description of business](image-url)
4.2.2 Analysis on the description of business

Table 4.2.2 shows that out of twenty five (25) respondents, ten (10) respondents representing forty percent (40%) do provide services, three (3) respondents representing twelve percent (12%) manufacture products and majority twelve(12) respondents representing forty eight percent(48%) retail goods. This means most medium enterprises do retail goods.

**TABLE 4.2.3 NUMBER OF WORKER/STUFF**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-9</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>10-19</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>20-29</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>30-more</td>
<td>13</td>
<td>52</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.3 Pie chart depicting number of worker/stuff
4.2.3 Analysis on number of worker/stuff

Table 4.2.3 Shows that out of twenty five (25) respondents, only one (1) respondents representing four percent (4%) have a working stuff within the range of 1 to 9 works, seven (7) respondents representing twenty eight percent (28%) have working stuff within the range of 10 to 19, within the range of 20 to 29 four (4) representing twelve percent (12%) are the working stuff and thirteen (13) representing fifty two percent (52%) are stuff employed within the range of 30 and more. This means employment is at the high side.

TABLE 4.2.4 SUBMISSION OF ACCOUNTS

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Quarterly</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Bi-annually</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>other</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.2.4 Bar chart illustrating submission of accounts
4.2.4. Analysis on submission of accounts.

Table 4.2.4 shows that out of twenty five (25) respondents, majority eighteen (18) respondents representing seventy two percent (72%) do not have a specific time period of submitting accounts, two (2) respondents representing eight percent (8%) do submit their accounts every four months, whereas five (5) representing twenty percent (20%) do submit account every six months and none do submit account every month. This means submission of accounts is not done at all nor has no specified time period.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>19</td>
<td>76</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.5 Pie chart depicting presence of accounts bureau

4.2.5 Analysis on presence of accounts bureau
Table 4.2.5 illustrates that out of twenty five (25) nineteen (19) respondents representing seventy six percent (76%) do have a place or office solely for accounting duties, on the other hand six (6) representing twenty four percent (24%) respondents do not have place or office solely for accounting duties. This analysis means that majority of medium enterprises do have a place where accounting duties are meant to be carried out.

**TABLE 4.2.6 DESIGNATED PERSON IN CHARGE OF ACCOUNTS**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.2.6 Bar chart showing designated person in charge of accounts

**4.2.6 Analysis on designated person in charge of accounts**

Table 4.2.6 illustrates that out of twenty five (25) none of the respondents representing zero percent (0%) do not a designated person in charge of accounts. This analysis points out that, all respondents do have a designated person in charge of accounts.
### TABLE 4.2.7 EDUCATIONAL QUALIFICATION OF FINANCE OFFICER

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First degree</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Diploma</td>
<td>16</td>
<td>64</td>
</tr>
<tr>
<td>R.S.A</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Professional accountant</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

![Fig 4.2.7 showing the educational qualification of finance officer](image)

#### 4.2.7 Analysis on the educational qualification of finance officer

Table 4.2.7 shows that out of twenty five (25) none has a R.S.A qualification, majority sixteen (16) respondents representing sixty four percent (64%) do have diploma qualification, six (6) respondents representing twenty four percent (24%) do have first degree qualification, and three (3) respondents representing twelve percent (12%) do have
professional accountancy certificate. This means the qualifications most desired by the enterprises are those with diploma.

**TABLE 4.2.8 FINANCIAL OFFICER ASSOCIATION WITH ACCOUNTING BODY**

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>17</td>
<td>68</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.8 Pie chart indicating finance officer association with accounting body

**4.2.8 Analysis on finance officer association with accounting body**

Table 4.2.8 illustrates that out of twenty five (25) seventeen (17) respondents representing sixteen eight percent (68%) do have their respective financial officers belonging to an accounting body, on the other hand eight (8) representing thirty two percent (32%)
respondents do not have their respective financial officers belonging to any accounting body. This analysis points out that, most medium enterprise’ financial officers belonging to an accounting body.

**TABLE 4.2.9 EMPLOYMENT OF THE SERVICES OF AN ACCOUNTANT**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1yr – 4yrs</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>5yr – 9yrs</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>10yrs – 14yrs</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>15yrs – more</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.9 Bar chart indicating employment of the services of an accountant

**4.2.9 Analysis on employment of the services of an accountant**

Table 4.2.9 Shows that out of twenty five (25) respondents, six (6) respondents representing twenty four percent (24%) have employed the services of an accountant within the period of 1yr to 4yrs, ten (10) respondents representing forty six percent (40%)
have employed the services of an accountant within the period of 5yrs to 9yrs, within the period of 10yrs to 14yrs six (6) respondents representing twenty four percent (24%) have employed the services of an accountant and only three (3) representing twelve percent (12%) have employed the services of an accountant with the period of 15yrs or more. This means the employment of accounting services is gradually becoming acknowledged.

**TABLE 4.2.10 OUTSOURCING ACCOUNTING SERVICES**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>84</td>
</tr>
<tr>
<td>no</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.10 Bar chart shows outsource accounting services

**4.2.10 Analysis on outsourcing accounting services**

Table 4.2.13 illustrates that out of twenty five (25), only four (4) respondents representing sixteen percent (16%) do not outsource accounting services whereas twenty one (21)
representing eighty four percent (84%) respondents do not outsource accounting services. This analysis points out that outsourcing of accountancy service is common amongst the medium enterprises.

**TABLE 4.2.11 RATING OF BUSINESS SINCE THE INTRODUCTION OF ACCOUNTANT**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>17</td>
<td>68</td>
</tr>
<tr>
<td>No effect</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Decline</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig. 4.2.11 Bar chart showing rating of business since the introduction of accountant

**4.2.11 Analysis rating of business since the introduction of accountant**

Table 4.2.11 shows that out of twenty five (25), two (2) respondents representing eight percent (8%) have experienced a rating decline of business since the introduction of an accountant, six (6) representing twenty four percent (24%) had no effect on rating but seventeen (17) respondents representing sixty eight percent (68%) do have an
improvement in rating since the introduction of an accountant. This analysis points out that introduction of accountant do improve rating.

**TABLE 4.2.12 INTERPRETATION OF ACCOUNTING RECORDS**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Good</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>Bad</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.12 Pie chart indicating interpretation of accounting records

**4.2.12 Analysis on interpretation of accounting records**

Table 4.2.12 shows that out of twenty five (25), only two (2) respondents representing eight percent (8%) do have accounting records very good interpreted, eighteen (18) representing seventy two percent (72%) have good interpretation of accounting records
where as five (5) respondents representing twenty percent (20%) do have bad interpretation of accounting records. This analysis points out that interpretation of accounting records is general good.

**TABLE 4.2.13 NEGATIVE EFFECT OF THE ABSENCE OF ACCOUNTANT**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>84</td>
</tr>
<tr>
<td>no</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.13 Bar chart indicating negative effect of the absence of accountant

**4.2.13 Analysis on negative effect of the absence of accountant**

Table 4.2.13 illustrates that out of twenty five (25), only four (4) respondents representing sixteen percent (16%) think the absence of an accountant will have no negative impact
whereas the majority twenty one (21) eighty four percent (84%) do acknowledge that there will be a negative impact if an accountant is not present. This analysis points out that majority of respondents rate the importance of an accountant high.

**TABLE 4.2.14 COMPUTATION OF TAX**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: data collected (2011)

Fig 4.2.14 Bar chart indicating computation of tax

**4.2.14 Analysis on computation of tax**

Table 4.2.14 shows that out of twenty five (25), only eighteen (18) respondents representing seventy two percent (72%) do have accountant aiding in the computation of
tax whereas seven (7) representing twenty eight percent (28%) do not have accountant aiding in the computation of tax. This analysis points out that most medium enterprises do have accountants helping in the computation of tax to be paid the government.

CHAPTER FIVE (5)
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
5.0 INTRODUCTION

This chapter takes a look at the summary of the findings, conclusions and recommendations. It sought to analyze the role of accountant in the management of small and medium enterprises in the Accra business district.

The purpose for this research was to critically analyze the role of accountant in the management of small and medium enterprises with which it findings is hope to portray a true outcome and ascertainment of the stated objectives.

5.1 SUMMARY

The analysis first reviewed the general role of Accountants play in business, with the background that their image has suffered as result of some unethical conducts of “certain” people who call themselves accountants.

Chapter two analyzed the role of accountants, the Small and Medium Enterprises (SMEs) and the relationships between the two variables.

It was observed that apart from the traditional functions of recording transactions and preparation of operating accounts (Profit and Loss Accounts) and the statement of business records and procedures are reviewed, their financial and operating controls are also received to assess their risk status, to advice on areas of business improvement.

The accountant also functions as helping businesses in respect of corporate finance, forensic accounting, and tax consultancy, financial out sourcing management accounting, general consultancy and many others.

The same chapter talked about the Small and Medium Enterprises. They have been claimed by many governments that assume power in the country; as such they have made various degree of effort to help achieve this goal. They however face a lot of constraints restraining their expected growth. These include financial, labour market, equipment and technological, local and international market competition and also managerial constraints.

Chapter two goes on to relate the role of the Professional accountant to the management of the Small and Medium Enterprises it brought out areas where the professional Accountant is needed to help enterprises grow, especially with his/her professional knowledge and general business adviser, his analytic skills, broad frame of reference, environmental knowledge and personal networks, interpersonal and structuring skills.
The research results brought to light the importance the Professional Accountant to business to business management especially when about 80% of Ghanaians are engaged in one formal sector are dwindling.

A number of university and polytechnic graduates and also those who leave employment venture into some sort of business to provide them with income to sustain them. Some others who are in gainful employment engage in business ventures to them with additional income.

The proliferation of business in Ghana is mainly due to the high unemployment, education and the introduction of new technology from the outside world which has made it possible to set up businesses without the usual heavy capital requirement.

These are some of the conditions that make the services of the accountant most important.

5.2 Suggestions/Recommendations

The role of the accountant as mentioned are of great importance for the growth of every enterprise. It is the duty of the Professional Accountant to educate the private sector and individuals about what services they have available to offer.

The importance of keeping reliable financial records to generally build confidence in the financial reports, also improve the authenticity of management information and other management reports.

Enterprises should be encouraged to appreciate the need to use the services of the Professional Accountant to ensure the expert advice to help them grow.

The Institute of Chartered Accountant and other professional accounting training bodies should be resourced to enable them train more accountants to make their services easily available, at an affordable cost to Small and Medium Enterprises.

Accountant should always include trust worthiness in their relationship with their clients because the notion of “trust” has an extensive literature on business and management and is regarded as critical in commercial exchange. Trust is also seen as developing through an ongoing relationship and helps facilitate an understanding of mutual needs and competencies whilst minimizing uncertainties.

It must by now be realized that the role of the professional Accountant to Small and Medium Enterprises is indispensable. The importance of accounting information to the whole business...
system cannot be over emphasized, since business organizations are basically economic nits which must survive in conditions of scarcity and competition.

Their survival depends upon how they take advantage of emerging opportunities and strategize to beat the challenges that come with it. Business organizations that do not take advantage of opportunities and strategize well eventually fail or are taken over.

It is in this regard that the importance of the accountant and accounting information to the management of Small and Medium Enterprises can be realized.

5.3 Conclusion

The mode of conducting business is changing very fast; enterprises will have to move quickly in order to catch up with the changing trends in order not to be left behind.

The traditional manual approach of keeping business records is now outmoded and now giving way to the mechanization of records.

Information technology and the resultant e-commerce have resulted in complex and huge database, and the need to adjust to the trend. This is the main reason with the services of the Professional Accountant are needed by the enterprises.

Proper keeping of business records is insurance for the smooth growth of business enterprises. The availability of credible business information ensures confidence in making proper informed decision.

It is in this regard that I call on the government, the Institute Of Chartered Accountant (Ghana), other Professional Accountancy bodies (ACCA, ICMA etc.) and the Ghana Education Service to provide good conditions and environment for training more Professional Accountants to take up the ever increasing demand for their services.

5.3.1 Accountant/Client relations

Accountants need to create a favorable relationship between themselves and their clients. They should ensure that they establish a relation of trust with their clients because a key determinant of the take up of noncompliance service from external advisers is the development of trust. A good knowledge of the clients business and the application of good ethical standards is a good way to establish this relationship. There should also be a constant interaction between them, not only at
the end of financial year when the financial accounts and reports are to be prepared. Frequent interactions help prompt errors and identification of solutions to client’s problems.

5.3.2 Professional advice

The accountant should educate the public and business community on the variety of services they offer. Periodic seminars and workshops is a very good way to sell their services. They can also post their services on the pages of the internet. If the accountants are made easily accessible at an affordable cost, the public and enterprises will consult them for their professional advice. If you have not yet set up your business, find out the role accountants play and endeavor to talk to an accountant before you start.

5.3.3 Discipline/Ethics

A body should be established to deal with complains from clients and the business public, monitor activities of Professional Accountants and maintain discipline and ensure that members apply business ethics. Such bodies will prevent what happened to Enron, where its reported profits and growth were sustained mostly by institutionalized, systematic and creatively planned accounting fraud.

5.3.4 Accounting Training

The Institute of Chartered Accountants (Ghana) and the other training bodies must make accounting education easily accessible all over the country. Their training and examination centers must be spread through the regions and districts to make them less restricted to only the regional capitals.

Very good training centers or schools must be established at strategic points all over the country to make those who want to train in the profession to have easy access to them. This will reduce the large number of failures in professional examinations yearly that discourages students from going into the profession.

5.3.5 Consultancy fees
In order to make the public assess the services of the accountant, their charges should be made affordable to those who need them. The increased demand that will come with the affordable services will increase their charges according to the forces of demand and supply.

5.3.6 Way Forward

From aforementioned, it is estimated that a very good relationship between the Professional Accountant and the small and Medium Enterprises should lead to a sustained growth. With professional advice obtained from the professionals it is expected that Small Enterprises will gradually expand to become Medium Enterprises resulting from mergers and acquisition of related or related enterprises. It also estimated that this growth should lead to increase in capital, asset holding, profit/turnover and access to credits by small enterprises.

It is also expected that medium enterprises will grow to become limited liability companies able to access long term capital by listing on the Ghana Stock Exchange. Growth and transparency of medium enterprises will facilitate joint ventures with foreign investors. Medium enterprises proper books of accounts and the appropriate professional advice from the accountant will be able to access foreign direct investment (FDI)

5.4 Further Research

Notwithstanding the findings of this research, it is the hope of this researcher that other writers and researchers would carry out the studies on the issue, especially; why most business in Ghana fail to grow into big corporate entities.

The researcher is particularly urging others to make additional research into the topic ‘The role of accountant in the management of small and medium enterprises’.

APPENDIX
Questionnaire

PRESBYTERIAN UNIVERSITY COLLEGE

DEPARTMENT OF BUSINESS ADMINISTRATION

TOPIC: THE ROLE OF ACCOUNTANT IN THE MANAGEMENT OF SMALL AND MEDIUM ENTERPRISES

Medium Enterprises

The researcher is a student of Presbyterian University College aims to find out the role of the accountant in the management of small and medium enterprise. The information needed from you is purely for academic purposes, hence confidentiality is assured.

Please kindly supply information in the spaces provided honestly and carefully as you can. Tick [✓] as appropriate

Thank you for taking time to help,

Now the questions are as follows;

1. How long have you been in this business?
   
   a. 1yr – 4yrs [ ]
   
   b. 5yrs – 9yrs [ ]
   
   c. 10yrs – 14yrs [ ]
   
   d. 15yrs – more [ ]

2. What best describes your business?
   
   a. Services [ ]
   
   b. Manufacturing [ ]
   
   c. Retail [ ]

3. How many people do you employ?
a. 1 – 9  [ ]
b. 10 – 19  [ ]
c. 20 – 29  [ ]
d. 30 – more  [ ]

4. How often is your business required to submit accounts?
   a. Monthly  [ ]
   b. Quarterly  [ ]
   c. Bi-Annually  [ ]
   d. Other  [ ]

5. Do you maintain an accounts office in your business?
   a. Yes  [ ]
   b. No  [ ]

6. Do you have an individual solely in charge of accounts?
   a. Yes  [ ]
   b. No  [ ]

7. What is the educational qualification of your finance officer?
   a. First Degree  [ ]
   b. Diploma  [ ]
   c. R.S.A.  [ ]
   d. Professional Accountant  [ ]

8. Does your finance officer belong to any accounting body?
9. How long have your enterprise been using a professional accountant?
   a. 1yr – 4yrs [ ]
   b. 5yrs – 9yrs [ ]
   c. 10yrs – 14yrs [ ]
   d. 15yrs – more [ ]

10. Do you outsource accounting services?
    a. Yes [ ]
    b. No [ ]

11. How do you assess your enterprises’ performance since you started using the services of an accountant?
    a. Improved [ ]
    b. no effect [ ]
    c. decline [ ]

12. How well is the accounting records interpreted to you?
    a. Very good [ ]
    b. Good [ ]
    c. bad [ ]

13. Do the financial officer aid in the computation of tax?
14. Do you think without the services of the accountant the enterprise will suffer?

   a. Yes [ ]
   b. No  [ ]
DEPARTMENT OF BUSINESS ADMINISTRATION

TOPIC: THE ROLE OF ACCOUNTANT IN THE MANAGEMENT OF SMALL AND MEDIUM ENTERPRISES

Medium Enterprises

SMALL ENTERPRISES

The researcher is a student of Presbyterian University College aims to find out the role of accountant in the management of small and medium enterprises. The information needed from you is purely for academic purposes, hence confidentiality is assured.

Please kindly supply information in the spaces provided honestly and carefully as you can. Tick [✓] as appropriate

Thank you for taking time to help,

Now the questions are as follows;

1) How long have you been in business?
   a. 1yr – 4yrs [ ]
   b. 5yrs – 9yrs [ ]
   c. 10yrs – 14yrs [ ]
   d. 15yrs – 20yrs [ ]

2) What is the numerical strength of your staff?
   a. 1 [ ]
   b. 2 [ ]
   c. 3 [ ]

3) Do you keep any accounting records?
a. Yes [ ]

b. No [ ]

4) If yes to the question numbered 3, how useful is the accounting records

a. Very useful [ ]

b. useful [ ]

c. less useful [ ]

5) If No to the question numbered 3, do think keeping of records is demanding?

a. Yes [ ]

b. No [ ]

6) If No to the question numbered 3, do think keeping of records is costly?

a. Yes [ ]

b. No [ ]

7) Who takes care of the accounting duties?

a. Owner / entrepreneur [ ]

b. Worker / stuff [ ]

8) Do you have a fixed salary?

a. Yes [ ]

b. No [ ]

9) Is there a determinant for remuneration?
10) Have you ever engaged the services of an accountant?
   a. Yes [ ]
   b. No [ ]

11) If Yes, to the question numbered 10, did the accountant help in computing tax due?
   a. Yes [ ]
   b. No [ ]

12) If Yes, to the question numbered 10, did the accountant help in accessing loan viability?
   a. Yes [ ]
   b. No [ ]

Have you ever encountered any financial problems since you started your enterprise?
   a. Yes [ ]
   b. No [ ]

13) Have you received aid from the Nation Board for Small Scale Industry (NBSSI)?
   a. Yes [ ]
   b. No [ ]

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