

# ACCOUNTING AND CONTROL SYSTEMS IN SELECTED SMALL AND MICRO ENTERPRISES IN BOTSWANA

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## INTRODUCTION

We are living in an era of accountability and every incident has to be accounted for in the proper manner. This is more important in the case of a business enterprise as the resources of the business are to be controlled and performance measured. Small business enterprises have an important role to play in Botswana's social and economic development. The level of contribution these business units can make to the overall development is very much dependent on the level of success achieved by their operations. It is equally well established that behind the success of a business enterprise are the effective controls exercised by the proprietor and also the systematic recording of business transactions, which, at the end of the day, provide the proprietor with valuable information about the performance of the business.

## NEED FOR THE STUDY

The need to look into the existing system of accounting control and information generation arose from the results of a preliminary interview that was carried out among a selected group of small traders. These traders reported that they had been incurring losses and yet unable to substantiate with facts and figures. It is in this context that the study was conducted to ascertain the control procedures and information generation in the selected small and micro business enterprises with a view of finding the strengths and weaknesses of the system.

## OBJECTIVES OF THE STUDY

The main aims were:

- To identify different kinds of accounting records maintained and the level of usage of such records to generate accounting information;
- To ascertain various accounting controls exercised by the selected small and micro enterprises;
- To assess the adequacy of the accounting records and controls taking into consideration the level of operations; and
- To suggest ways and means to improve on the existing practices by looking into the existing training programmes in the area of record-keeping.

## METHODOLOGY

The study was centred around the small and micro business enterprises in Gaborone. Five factory shells and five shopping centres in and around Gaborone were selected for the study and detailed discussion was carried out with the proprietors of the small and micro enterprises in these shells and shopping centres. Interviewers went into the areas with the intention of interviewing any entrepreneur who was prepared and available to be interviewed. This is a form of cluster sampling where a minimum of 40 respondents were considered acceptable for the sample. Fifty entrepreneurs responded.

For the purpose of this study, a business enterprise is considered Small/Micro if it satisfies any one of the following conditions:

- Employs less than 25 workers;
- Has a total assets of less than P200 000;
- Has an annual turnover of less than P360 000.

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## ASSUMPTIONS AND HYPOTHESIS

The following assumptions are relevant:

- The samples of small and micro business enterprises are representative enough to allow us to arrive at the conclusions that we make.
- Most of the small and micro entrepreneurs do not keep comprehensive accounting records and also do not practice using accounting control techniques.
- The Government of Botswana and other organisations have designed training programmes for small and micro entrepreneurs, but have not reached all of them.

## SMALL BUSINESS DEFINED

A small business can be defined in various ways. Despite their differences, all the definitions agree on the common idea that small businesses employ few persons and are characterised by a small amount of capital and turnover. Oshagbemi talks about the main criteria used throughout the world to describe small businesses. They include:

1. Sales value;
2. Number of employees;
3. Financial strength;
4. Relative size;
5. Initial capital outlay;
6. Comparison with its past standards;
7. Independent ownership; and
8. Type of industry.

The characteristics identified by the United States Committee for Economic Development for small businesses are also worth noting. The CED states that:

A small business will have at least two of the following characteristics:

- Managers are also owners;
- Owners supplied capital;
- Area of operation mainly local; and
- Small in size within the industry.

## SMALL AND MICRO BUSINESS ENTERPRISES IN BOTSWANA

As in many other developing countries, small scale and micro-enterprises in Botswana are relatively young, having been in existence for short periods of time. (G. Sunny and V. Babikanyisa)

Although this is the case, the Government has long recognised the importance of developing the small business and all efforts are being made to encourage them through various assistance programmes. Rapid economic growth, Economic independence, Sustained development and Social justice are the four important objectives that guide the Government of Botswana in planning national development. Small and micro business enterprises in Botswana are encouraging rapid economic growth by increasing employment prospects (Government of Botswana, 1988 a); are able to achieve economic independence by reducing dependence on imports and consumer goods (Government of Botswana, 1988 b); contribute towards sustained development by upgrading citizen skills through on-the-job training and providing essential training for employees who will now have the knowledge to start other small businesses (Government of Botswana 1988 a). The small business also promotes social justice by creating sustained employment for unskilled workers (Alexander, 1983). In Botswana, the contribution of the small - scale and medium - scale enterprises to the overall GDP is measured between 30-45% (Newell, 1996).

## ACCOUNTING SYSTEM FOR THE SMALL BUSINESS

In the words of Hussein (1983):

A good accounting system is not only judged by how well records are kept but by how well it is able to meet the information needs of both internal and external decision - makers.

According to Clute (1980), it is common for qualified accountants to do a good job of keeping records up to date but they fail to provide information needed by decision-makers.

For a businessperson, an accounting system should be capable of providing the following information:

1. Interim statements, quarterly or six-monthly that can provide information about the progress of the business. Such statements need not be detailed, but capable of addressing the special needs of the business. Such documents can also be circulated, if necessary, among external users such as lenders.
2. Efficient cash flow planning is very important for the small business. Fuller (1978) felt that an annual cash flow forecast, reviewed periodically, could indicate overall financial requirements. Such a statement can be prepared only with the help of a well-designed accounting system.
3. An accounting system, in addition to providing financial statements, must be capable of generating other useful information in the form of reports. These include aged accounts receivable, aged accounts payable, stock and bank balances, etc.
4. In the case of manufacturing enterprises, cost records are very useful in estimating costs and determining prices. The accounting system for such enterprises must provide reliable data for cost estimation.

### **Accounting Control Procedures for Small and Micro Business Enterprises**

As mentioned earlier, it is important to have a system of control over all business activities, as a well designed and properly implemented control system can ensure:

1. Protection of resources against waste and fraud.

2. Accuracy and reliability in accounting data.
3. Success in the evaluation of the performance of the business.

According to Meigs, Johnson and Meigs:

Accounting controls are measures that relate to protection of assets and to the reliability of accounting and financial reports.

Important sections of accounting systems and controls are:

### **Recording of Cash Transactions**

Cash transactions constitute the major part of business transactions in a small and micro business enterprise. It, therefore, seems sensible for the small businessperson to exercise reasonable control over cash transactions so that cash is not misappropriated by employees. Moreover, by introducing a fair system for recording business cash transactions, the owner is able to exercise control on himself on withdrawals of funds for his personal use which would otherwise have been available for business expansion.

In all modern businesses, most cash receipts and payments are done through bank current accounts. From this point, cash transactions can well be defined to include bank transactions also. A well-designed accounting control system for cash transactions will require every business to maintain a properly-drawn cash book, preferably an analytical cash book that will not only enable recording of all cash and cheque receipts and payments, but also provide the facility to record break-down details of expenses and receipts. This will assist the proprietor in ascertaining the magnitude of each item of expense and, based on the information collected, take steps to prevent certain expenses getting out of control. Such analytical columns, in addition to facilitating the proprietor in knowing the items of expense significantly affecting the performance of the business, can also help him to arrive at relevant figures for

the preparation of accounts on expenses, income, assets, liabilities, etc. A business that fails to maintain a detailed cash book to record cash and bank transactions will experience control problems in the area of cash. The owner of the business must, as far as possible, route cash receipts and payments through the business current account, so that all possibilities of cash misappropriation are reduced to the minimum with bank statements providing additional evidence for those transactions. In addition, the proprietor, as part of good accounting practice prepares a bank reconciliation statement first to measure the degree of variation in balances as per his books and the bank accounts and then to look into possible errors that might have gone through the records. In this way, he can keep track of all cash transactions and make sure that "cash book fraud" is blocked from all corners.

Some business Enterprises maintain a petty cash book to record transactions involving small amounts so that the main cash book is not overloaded with too many small cash transactions. An analytical petty cash book is also recommended as the expense columns will provide an idea on the trend of each and every expense.

The study revealed the following set of information on Cash Book maintenance.

Table 1: *Cash Book Maintenance in Selected Small Business Enterprises.*

	Maintained	Not maintained
Cash Book	27	23
Analytical	18	9

The Table 1 indicate that 54% of the Enterprises selected were in the habit of maintaining a cash book and the remaining 46% did not keep any cash book at all. Out of the 27 small Enterprises who maintained cash books, 18 of them maintained an analytical cash book with suitable

columns for expenses and income. The remaining 9 Enterprises were using cash books with limited columns for cash and bank receipts and payments. It is disheartening to note that 46% of the small Enterprises under study did not keep a proper cash book and were instead relying on box files to keep the transaction files or a notebook to record daily cash transactions in no particular order.

### Bank Accounts of Small and Micro Enterprises

Although most of the small Enterprises had opened a business current account (82%), the following figures show that they are not in the habit of using the bank account for all cash transactions.

Table 2: *Use of Bank Accounts by Selected Small Business Enterprises*

Mode of Receipts/Payments	No of Enterprises
Cash and cheques	20
Cash only	26
Mostly cheques	4

The Table 2 show the way cash transactions were handled by selected Enterprises. The statistics clearly indicate that there were loopholes in the control system for cash transactions and most of the Enterprises settling the accounts in cash were vulnerable to easy misappropriations of cash.

Regarding the pattern of bank deposits (among 24 business Enterprises), some proprietors were in the habit of making regular deposits while others followed no regular pattern.

Table 3: *Deposit Patterns in Selected Small Business Enterprises*

Deposit Frequency	
Daily bank deposits	9
Deposits (once in two days, weekly etc.)	7
No regular pattern	8

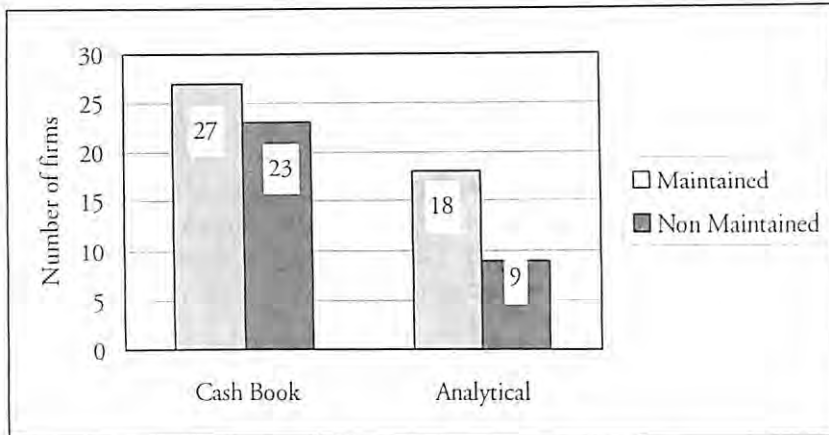


Fig. 1: Cash Book of Selected Small Business Enterprises

38% of the Enterprises managed to deposit the collections on a daily basis and 34% followed no regular pattern in depositing collections in the bank. Instead they decided to retain cash or cheques and deposit them in the business current account as and when it was convenient to the proprietor or to an employee. To make matters worse, where cash transactions were passed through the bank, it was noticed that in 11 Enterprises the proprietor had entrusted the task of preparing the pay - in slips and depositing the business collections in the hands of the same employee, thus giving him a chance to manipulate the accounts.

**Preparation of Bank Reconciliation Statements**

A good percentage of Enterprises using the bank current account to process cash transactions were not in the habit of preparing bank reconciliation statements.

Table 4: Preparation of Bank Reconciliation Statements by small business enterprises:

Bank reconciliation statements prepared	7
Reconciliation statements never prepared	17

The above table clearly indicates the weakness in the control on bank transactions. 70% of the Enterprises did not know the importance of preparing a bank reconciliation statement to reconcile cash book and bank statement balances.

**Petty Cash Transactions in Small Business Enterprises**

Although small cash transactions in a small business can well be handled by the main cashier because of limited transactions, it is always advisable to separate cash transactions involving large sums from those involving small sums. Statistics show that the maintenance of petty cash books under the imprest system were not popular among the selected Enterprises.

Table 5: Petty Cash and Small Business

Petty cash books maintained under the imprest system	12
No Petty cash book	38

76% of the selected Enterprises were not using petty cash books to record small cash transactions. Instead, most of them were either using the main cash book to record them or ignoring such transactions. Instances of a

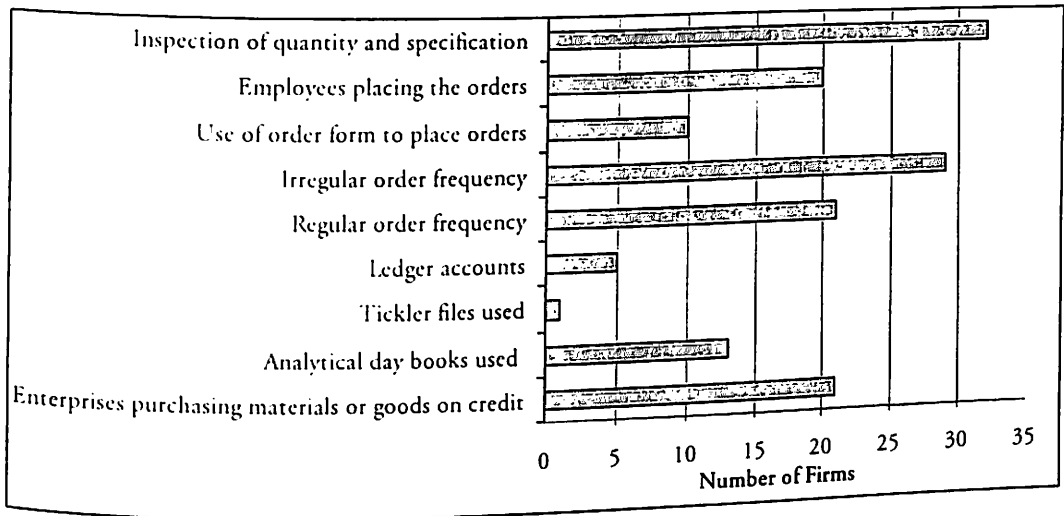


Fig. 2: *Purchase Procedures in Selected Small Business Firms*

Proprietor just filing the vouchers without recording them anywhere or using a notebook to record transactions on an irregular basis were also found.

**CREDIT PURCHASES**

**Materials for Manufacture and Goods for Sale**

No enterprise can afford to buy all the materials required for manufacture or goods for sale with cash. They have to negotiate with the suppliers for credit and in most cases Enterprises succeed in procuring goods on a short - term credit basis. A well-designed credit purchase system must incorporate the following control measures:

1. An analytical day - book should be maintained to record all credit purchases in chronological order with appropriate columns for the different kinds of items purchased.
2. Use of a Tickler Card for each supplier to remind the proprietor of the accounts falling due in a few days' time.
3. Use of Ledger accounts for both goods bought and for the suppliers to keep records of all transactions between the business and the suppliers.

4. The proprietor or a responsible employee should be entrusted with the task of placing the order for goods on a regular basis.
5. When goods are received, they should be inspected for quantity, specification and tallied with the details in the order book.
6. When invoices are received, they should be compared with the order placed and the invoices should be filed either chronologically or alphabetically.

Data collected indicate that some Enterprises acquired goods or materials on credit. The following table shows how far the Enterprises complied with accounting control procedures prescribed for credit purchase transactions:

Table 6: *Purchase Procedure in Small Business Enterprises*

Enterprises purchasing materials or goods on credit	21
Analytical day - books used	13
Tickler files used	1
Ledger accounts	5
Regular order frequency	21
Irregular order frequency	29
Use of order form to place orders	10
Employees placing the orders	20
Inspection of quantity and specification	32

The Table 6 clearly indicates that 42% of the selected business Enterprises were in the habit of purchasing goods on credit. It is, however, disappointing to note that only 13 Enterprises were using analytical day - books for recording credit transactions. The rest of the Enterprises were either filing the invoices in any order they liked or entering the transactions in a notebook. Tickler Cards were not at all popular among the owners of selected Enterprises and only one made use of the technique.

It is again disappointing to note that only 5 Enterprises maintained proper ledger accounts while the rest resorted to other informal methods. 21 Enterprises were able to keep track of usage of stock and placed orders for goods on a regular basis whereas 29 Enterprises had totally irregular order patterns. This indicates that these 29 Enterprises had no control over their inventories and many a time had to end up buying materials in a hurry at the cost of quality and price. Using official forms is a control measure to guard against unauthorised placing of orders and only 10 Enterprises were using such order forms. Others went for unofficial order forms that weakened the control system. To cap it all, in 20 Enterprises the employees were assigned the task of ordering and receiving the goods. This further weakened the control system. 32 business Enterprises were in the habit of inspecting the goods received in respect of quantity and specification. The remaining Enterprises never verified the quantity supplied and whether the items were of the right specification before being sold or used for manufacture.

### CREDIT SALES

Although credit sales are not common in small business Enterprises, some did sell their products both for cash and on credit terms. The practice of selling goods on a lay-by system, particularly cloth is quite common in Botswana. The owner of a small business that

sells goods on credit must ensure that proper control is exercised in handling sales and also recording the transactions. The following are some of the suggested accounting controls for credit and cash sales:

1. Packing of items must be supervised.
2. Invoices must be prepared by a responsible official, preferably the owner himself.
3. An analytical sales day -book should be maintained to record all credit sales in chronological order with appropriate columns for the different kinds of items sold.
4. The use of tickler cards must be encouraged to remind the owner about the customer accounts which are due.
5. Ledger accounts should be used to record the transactions between the customer and the business and also to keep track of sales.
6. For cash sales at the counter, it is important that the whole exercise is controlled by the owner. This can be achieved by rotating employees at the counter on a random basis and counting the cash collection quite regularly, say twice daily or whenever there is a change of an employee at the counter.

**Table 7:** *Cash and Credit Sale Procedures in Selected Small Business Enterprises*

Cash and credit sales	18
Cash sales only	32
Sales day books maintained	9
Tickler files used	1
Ledger accounts for customers	10
Cash sales by employees at the counter	46
Cash counted daily	46
Tallying of collection with printouts	23

The Table 7 shows that 36% of the selected business Enterprises were selling goods both for

cash and on credit and 64% of the selected small and micro Enterprises were selling for cash only. As mentioned earlier, keeping of an analytical sales day - book is advisable to record all credit sales transactions. Unfortunately, only 9 Enterprises were in the habit of using such a book to record credit sale transactions and the rest used either a small notebook for the transactions or they never recorded the transaction at all. Only one firm used tickler files for customers and the preparation of suitable ledger accounts for customers was not practised in 8 Enterprises that sold goods on credit. They, on the other hand, recorded the transactions in a notebook without sufficient details and therefore ascertaining end balances was not possible in such cases.

Collection of cash from cash sales at the counter was done mainly by employees (92%) and a counting of cash collection on the daily basis was also practised by 92% of the Enterprises. However, only 46% of the Enterprises were tallying collections with the printouts on a regular basis. There was no information available as to whether these Enterprises managed to rotate the employees at the counter as part of system control.

### Payment of Wages

Small business Enterprises employ casual labour and full - time workers and payment of wages to the employees should also be subject to control. An ideal procedure would be to use a wage book with all the details of the employees. It must also have columns for recording details of part-time and full-time jobs. Such a wage book would help the owner of the business to know exactly the cost of labour, particularly in the case of work undertaken according to customers' specification. Some of the selected manufacturing Enterprises were found to be making items as per customers' specifications.

The statistics show that only 38% of the selected Enterprises kept an analytical wage book. 62% of the Enterprises either resorted to less scientific methods of recording wage

transactions or did not keep any wage records at all.

### Inventory

Control over stock (both materials bought for manufacture and finished items for sale) should be exercised by any business as this is a major area calling for strict control by the proprietor. A small businessperson has to be careful in this as stock can easily be stolen by his employees if there are no controls. The first control measure to be introduced would be to maintain a detailed stock register with the following columns:

1. Item code;
2. Date of purchase;
3. Quantity received with specifications;
4. Items issued; and
5. Balance at the end of a certain period.

Such a stock register must be handled by a responsible employee who should not be in any way connected with the settlement of accounts with the suppliers. Besides a stock register, the proprietor must also compulsorily take stock on a regular basis. He should develop a system for stocktaking that will ensure that all stock is systematically counted that or in the presence of a responsible employee who will report directly to the proprietor. The frequency of stocktaking will be decided by the nature of the business and the level of control exercised on stock. A business enterprise that fails to take stock on a regular basis will face serious problems and will end up in incurring heavy losses.

The results of the study on inventory control in the selected Enterprises were poor. Only 46% of the Enterprises were keeping stock registers while all the others (54%) kept some sort of records but failed to provide information about stock movements. Data on stocktaking practices were also collected and the results show the following:



**Table 8: Stocktaking Procedures of Selected Small Business Enterprises**

Regular stocktaking (weekly, monthly, yearly)	29
Irregular stocktaking (no fixed period)	4
Stocktaking never carried out	17

The Table 8 indicate that only 58% of the selected Enterprises carried out proper and regular stocktaking while 34% never bothered to take stock. Such business Enterprises had experienced problems in controlling stock as they never had any idea of stock levels at any point in time.

#### FIXED ASSETS

Fixed assets are acquired by any business enterprises to generate profits for the business. Examples of such assets include Land and Buildings, Plant and Machinery, Furniture and Fixtures, Motor Van, etc. Proper records of these assets should be maintained in every business so as to know the value of such assets at the end of a certain accounting period and also to determine the approximate time when such assets would need to be replaced.

A suitable accounting system would require the maintenance of an assets register for each type of asset. Such a register must contain the following details:

1. Date of purchase of the asset;
2. Description of the asset;
3. Quantity/number;
4. Leasehold or freehold;
5. Cost price of the asset;
6. Depreciation;
7. Date of disposal; and
8. Balance of asset left and its cost and book values.

An attempt was made to collect information regarding the fixed assets of the selected business

Enterprises and it was found they do not own most of the fixed assets mentioned above. However, 24 business Enterprises owned motor vehicles but only 7 of them had kept proper records on them. Assets like small machinery were held on a rental basis. No records were available on furniture and fixtures.

#### Accounting Records for Accruals and Long - Term Liabilities

It is necessary to keep records on expenses outstanding at the end of the year to enable settlement of accounts at the beginning of the next year and also to ascertain the exact profit of the business for a certain year. In addition, a businessperson has to keep track of all short, medium and long-term liabilities such as bank loans and loans from other financial institutions so as to determine the magnitude of financial obligations at the end of the year. A properly drawn-up Register of Liabilities must have the following details:

Date of the loan	Lender's name	Amount of the loan	Loan period
Interest rate	Amount repaid	Balance due	-

Most of the selected small Enterprises were not in the habit of keeping details of accruals. Full details of accruals were kept by 17 Enterprises, some details were kept by 5 Enterprises and no details were found in the case of 28 Enterprises. This indicates that whatever profits or losses were calculated by these Enterprises were inaccurate. In the case of Register of Liabilities, 9 Enterprises had kept proper records of loan transactions some were relying on bank statements for loan details and others never maintained any records.

#### COST RECORDS

Manufacturing Enterprises have to control their cost of manufacture to earn profits on goods

manufactured. To do this, proper cost records must be maintained to provide insight into the cost incurred in manufacturing a unit of an item. The important cost records to be kept include:

1. Job Cost Sheet;
2. Material Ledger Card; and
3. A Work Ticket.

25 manufacturing Enterprises were included in the study and only 6 Enterprises kept proper cost records. Others (19 Enterprises) had no comprehensive cost records, but managed to keep some, particularly the job cost sheet.

### Ledger Accounts and Financial Statements

After all business transactions have been entered in various registers, the daily, weekly or monthly totals should be entered in a ledger account opened for each item of expense, income, asset and liability. A ledger account will provide a summary of the transactions relating to each item and will also help to arrive at the end-of-year balances. The study showed that this is another area where most of the Enterprises had serious problems as most of them were not literate on double entry systems. 6% of the Enterprises maintained all the required ledger accounts; 20% managed to prepare important ledger accounts and others kept very few accounts. The inability to prepare ledger accounts reflected in the preparation of financial statements. Most of them had to seek help from accounting firms to prepare financial statements. The following Table 9 shows details on the preparation of these by the selected Enterprises.

The Table 9 shows that 34% of the Enterprises sought assistance from accounting firms to prepare the financial statements (excluding cash flow statements) and only 30% managed to prepare their own financial statements. Others did not prepare any statements that would reflect the performance and financial status of the business.

**Table 9: Preparation of Financial Statements In Small Business Enterprises**

Trial balance prepared by the owner	8
Trial balance prepared by accounting firms	17
No trial balance prepared	25
Income statement prepared by the owner	15
Income statement prepared by accounting firms	17
No income statement prepared	18
Balance sheet prepared by the owner	15
Balance sheet prepared by accounting firms	17
No balance sheet prepared	18
Cash flow statement prepared by the owner	11
Cash flow statement prepared by accounting firms	17
No cash flow statement prepared	22

### Findings

- 54% of the Enterprises selected were in the habit of maintaining a cash book while the remaining 46% did not keep any cash book at all. Out of the 27 small Enterprises who maintained cash books, 18 of them maintained an analytical cash book with suitable columns for expenses and income. The remaining 9 Enterprises were using cash books with limited columns for cash and bank receipts and payments.
- Although most of the small Enterprises had opened a business current account (82%), they were not in the habit of using the bank account for all cash transactions.
- 38% of the Enterprises managed to deposit the collections on a daily basis. 34% followed no regular pattern in depositing collections in the bank.
- A good percentage of Enterprises using the bank current account to process the cash transactions were not in the habit of preparing bank reconciliation statements.
- 76% of the selected Enterprises were not using petty cash books to record small cash transactions.

- 42% of the selected business Enterprises were in the habit of buying goods on credit. It is, however, disappointing to note that only 13 Enterprises were using analytical day-books for recording credit transactions. Only 5 Enterprises maintained proper ledger accounts.
- 32 business Enterprises were in the habit of inspecting the goods received in respect of quantity and specification.
- Only 9 Enterprises were using a sales day book to record credit sales.
- Preparation of suitable ledger accounts for customers was unknown in 8 Enterprises that sold goods on credit. On the other hand they recorded the transaction in a notebook within sufficient details.
- Collection of cash from cash sales at the counter was done mainly by employees (92%) and counting of cash collection on a daily basis was also practised by 92% of the Enterprises. However, only 46% of the Enterprises were tallying collections with the printouts on a regular basis.
- Only 38% of the selected Enterprises adopted detailed wage record system by keeping an analytical wage book.
- Inventory control in the selected Enterprises was poor. Only 46% of the Enterprises were keeping stock registers while all the others (54%) kept some sort of records that failed to provide information about stock movements.
- Only 58% of the Enterprises carried out regular stocktaking and 34% of the selected Enterprises never took stock.
- 24 business Enterprises owned motor vehicles and only 7 of them had kept proper records on them.
- Most of the small Enterprises were not in the habit of keeping details of accruals. Complete information about accruals was kept by 17 Enterprises, some details of were kept by 5 Enterprises and no details were found in the case of 28 Enterprises.
- In the case of a register of liabilities, only 9 Enterprises had kept proper records of loan transactions.
- Of the 25 manufacturing Enterprises only 6 kept proper cost records.
- Only 6% of the Enterprises maintained all the required ledger accounts, 20% prepared important ledger accounts and others kept very few accounts.
- 34% of the Enterprises sought assistance from accounting firms to prepare the financial statements; 30% managed to prepare their own financial statements and the remaining did not prepare any at all.

#### CONCLUSIONS AND RECOMMENDATIONS

The above observations paint a gloomy picture of how badly accounting records were kept and controls exercised in most of the business Enterprises. Although, there were certain areas that were satisfactorily addressed by the proprietors, by and large, there were many loopholes in the system which provided opportunity for misappropriation and wastage. The results of the study prove the fact that most of the small businesspersons who were incurring losses were unable to explain the reasons for their failure mainly because they had not kept adequate accounting records. Again poor controls over transactions may also have contributed to the adverse situations in certain business Enterprises.

The above results call for the immediate attention of professionals, educational institutions and other organisations interested in promoting small businesses in the country to come forward and provide adequate training for the small businessperson through short-term courses and other orientation programmes.

The Government of Botswana, through the Department of Industrial Affairs of the Ministry of Commerce and Industry, has taken steps to encourage the starting-up of small businesses in the country. The number of projects approved for financial assistance under

the Financial Assistance Policy shows that there are significant increases in small business enterprises in the country. The Integrated Field Services Division of the Department of Industrial Affairs is responsible for entrepreneur training in the country. It is encouraging to note that the Business Management Training Programme, which is divided into four stages, incorporates important elements of record-keeping methods and accounting control systems.

The training activities of the Business Management Training Section of the IFS show that in past years, business entrepreneurs were trained, but some they constituted a small percentage of the total business population. Training in record-keeping is fundamental to the success of every business as without proper records no businessperson can manage his business efficiently. While record-keeping training was active in certain districts in rural areas, it is discouraging to note that, as per the figures available, record-keeping training in Gaborone, where most of the small business entrepreneurs are to be found, was given less importance. In addition, the majority of participants in record-keeping training were for basic Book-Keeping which simply exposed the participants to Cash Book preparation (single column), Purchase and Expense Records, Debtors and Creditors Records, Costing and Pricing and Stock Management. These topics are important as they help business entrepreneurs to open accounting records but they will not enable them to complete the accounting cycle and exercise basic accounting controls. They essentially need full exposure in areas of ledger account preparation, drawing up of reconciliation statements and preparation of financial and cash flow statements. It is noted in the study that some centres offered training in Advanced Book-keeping which covered well the above-mentioned areas, but the participants were very few.

Small Enterprise Promotion Trust (SEPROT) is an organisation, membership of

which helps small business entrepreneurs. The Trust organises workshops and seminars for the members to gain knowledge on small business development and Small Business Weeks to provide opportunities for members to discuss their problems and find solutions. Training in various areas for small and micro business entrepreneurs are undertaken by the member organisations. The study looked at the training programmes of some of the members. These include Institute of Development Management which has designed two courses for small business entrepreneurs. The two programmes are relevant to the training required for small business entrepreneurs. It is however discouraging to note that the participants for basic accounting were very few in past years.

The Small Business Clinic is a student-run project located at the University of Botswana. The Clinic was set up to assist small-scale entrepreneurs on how to make their businesses more viable and also to promote entrepreneurial skills amongst small businesspeople. It is a non-profit-making, a student initiative and very much community-based. The training activities of the Clinic encouraging as they provide training for the members, who in turn help the small business clients, and also organise seminars and workshops for the members and clients. New members are given training in record-keeping and other areas to equip them in assisting their clients. It is however disappointing to note that many members do not seem to realise the importance of this training and so attendance for such training is usually very low (Training Committee Report, 1996). This causes concern as to the effectiveness of the assistance offered by untrained members to the clients as they would end up giving improper advice to business clients. All the workshops and field trips conducted are also all relevant to the small business entrepreneur, but the seminars and workshops should address issue of developing the record-keeping skills among the clients more seriously and extensively and on a regular basis.

The contribution from private sector training institutions (Damelin Business School) is worth acknowledging as they have recognised the importance of developing small businesses and have, therefore, developed training programmes targeted at small business entrepreneurs. The courses are relevant, but the participants are few.

There is room for improvement in all the training programmes. The training unit of the Department of Industrial Affairs has developed a comprehensive training course in record-keeping for small business entrepreneurs, but the number of participants in all the districts is very low. It appears that the small businessperson has not realised the urgent need for possessing the skill of recording and processing business transactions. This calls for organising presentations that will highlight the importance of proper record-keeping and how this will help them to know the direction their business is taking. Some of the small and micro entrepreneurs are semi-illiterate and this is a major obstacle in effective implementation of the training programme. It would be a good idea to prepare indigenous learning materials on record-keeping, explaining the procedures in Setswana to bridge the gap of illiteracy that remains a stumbling block in the training process. The training programme run by IFS is free and there is always a tendency not to appreciate such services. This means that some sort of compulsion needs to be exercised in taking up the training courses. This can be achieved by linking training to, say, approval of applications for licence or for financial assistance. The issue of Certificates, where no such documents currently exist, will also sometimes motivate the business entrepreneur to participate in training programmes. As stated earlier, the participants in the IFC training programme should go through all the stages of Business Management Training to give them total exposure to all aspects of financial record-keeping and accounting control systems. Record-keeping training appears

to be very much neglected in certain districts. Based on the information available, this is true in the case of Gaborone where most of the small business entrepreneurs are to be found. It is strongly recommended that the Integrated Field Services and other training organisations should consider closing this gap in their training activity which would positively improve the performance of small and micro business enterprises in the country.

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