

**AN ANALYSIS OF BOOKKEEPING COMPETENCE OF MICRO-
ENTREPRENEURS IN THE CLOTHING RETAIL INDUSTRY IN CAPE TOWN**

by

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DECLARATION

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Date

ABSTRACT

Background: Previous studies have shown an on-going entrepreneurial failure in general and in the South African clothing industry in particular. Insufficient entrepreneurial skills are one of the major causes of entrepreneurial failure of which accounting skills plays a pivotal role towards entrepreneurial success. Previous studies reveal that accounting skills are essential for entrepreneurial success; hence there is a need to conduct further studies on bookkeeping competence.

Objectives: The aim of this study was to analyse micro-entrepreneurs' bookkeeping competence and concurrently evaluate bookkeeping practices in the retail clothing industry in Cape Town. Furthermore, the study focused on micro-entrepreneurs' perceptions towards bookkeeping.

Methodology: The empirical research model, which integrates quantitative and qualitative data collection method, was used. Data was collected and analysed at the same time by means of a concurrent triangulation design. Descriptive statistics, which describe and summarise numeric quantitative data into meaningful information, was used on the quantitative data captured in SPSS while thematic analysis, which entails the process of data reduction by focusing on repeated words or phrases of the respondents' responses, was used to analyse qualitative data.

Findings: It was found that micro-entrepreneurs in the clothing retail industry in Cape Town do not possess sufficient bookkeeping skills. However, most micro-entrepreneurs execute bookkeeping duties, but they do not complete the bookkeeping cycle due to insufficient bookkeeping skills. Furthermore, the findings were that micro-entrepreneurs perceived profit calculation as the most important role of bookkeeping and the ability to sell was perceived as the most important business skill compared to bookkeeping and other skills.

Recommendations: Further bookkeeping training is recommended, particularly on bookkeeping procedural aspects. It was found that micro-entrepreneurs lack understanding in the following procedural bookkeeping aspects: T-account (double-entry account), single-entry account, general ledger, trial balance, differentiation between profit and income, differentiation between expenses and liabilities.

Keywords: Bookkeeping competence, Micro-entrepreneur, Clothing retail industry, Cape Town.

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DEDICATION

This thesis is dedicated to my parents Mr Zedekia Madumbu Nyathi, Mrs Nomsa Lorencia Nyathi and my grandmother Mrs Roma Nyathi.

“A special thank you to my grandmother Mrs Roma Nyathi (UmaDube), who was born in June 1916 and has turned 99 this year 2015, Ngiyabonga gogo wami, ungikhulisile, wangifundisa ihlonipho, ukuthandaza lokusebenza nzima. Loba ubusuluphele, bengithi ngivela esikolweni bengiyazi ukuthi ngizafika ukudla kukhona, ngivela kwelusa bengithola uphekile, to you age was not an excuse to take care of me, in that I learnt to strive no matter the situation nor the challenge I am facing. In times I felt tired doing this thesis, I would remember how tirelessly you worked when you around 80 years and that would just uplift me to proceed with this dissertation journey. You might not read this dedication, but what I can say today is that I am facing this world with confidence and with a positive spirit to overcome any challenge just because of what you sacrificed and taught me. I do not know how much I can thank you. THANK YOU GOGO (MADUBE) MANYATHI, NGIYABONGA GOGO (MADUBE) MANYATHI.”

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GLOSSARY

Acronym:	Explanation
AMSA:	Amalgamated Micro-Financiers of South Africa
APR:	Accounting Practices Board
CCT:	City of Cape Town
CPUT:	Cape Peninsula University of Technology
DPE:	Department of Public Enterprises
DTI:	Department of Trade and Industry
GAAP:	Generally Accepted Accounting Principles
GEM:	Global Entrepreneurship Monitor
GGP:	Gross Geographic Product
HDC:	High Degree Committee
IASB:	International Accounting Standards Board
IFRS:	International Financial Reporting Standard
ILO:	International Labour Office.
IPSASB:	International Public Sector Accounting Standards Board
MoU	Memorandum of understanding
MSEs:	Micro-and Small Enterprises
NEDLAC:	National Economic Development and Labour Council
NGOs:	Non-Governmental Organisations
PAYE:	Pay As You Earn
REC:	Research Ethics Committee
RSA:	Republic of South Africa
SA:	South Africa
SARS:	South African Revenue Authority
SBC:	Small Business Corporation
SBEs:	Small Business Enterprises
SEC:	Senate Ethics Committee
SETA:	Sector Education and training Authority
SMEOs:	Small and Micro-Enterprises Owners
SMEs:	Small and Medium-sized Entities
SMEs:	Small and Micro-Enterprises
SMMEs:	Small, Medium and Micro-Enterprises
UNU:	United Nations University
VIE model:	Valence, Instrumentality and Expectancy model

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

This study focuses on the analysis of bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town. This chapter provides an introduction to the study and its rationale. It begins with the background and the problem statement of the study investigated, followed by the rationale behind the study. It then provides the chosen methods to answer the research questions. Finally, ethical issues, the significance and limitations of the study are outlined.

1.2 Background

There has been an on-going report about entrepreneurial failure in South Africa (Solomon, 2004; Global Entrepreneurship Monitor (GEM), 2012; United Nations University (UNU), 2013; Republic of South Africa, Department of Public Enterprises (DPE), 2013) and the decline of employment rate in the clothing industry (Van der Westhuizen, 2007; Morris & Reed, 2008; Stanlib, 2013). Findings generated from previous studies reveal a lack of funding and entrepreneurial skills as the major causes of entrepreneurial failure (Rogerson, 2008; Preisendörfer, Bitz & Bezuidenhout, 2012; Mugobo & Ukpere, 2012). Rajaram and O'Neill (2009) point out that accounting skills are essential, hence there is a need to conduct further studies on bookkeeping, cash-flow management and business plans. Barte (2012:92) agrees with Rajaram and O'Neill (2009) that major entrepreneurial skills comprise of accounting, finance, marketing and law, in which accounting plays a major role in business success.

Entrepreneurs emerge from all disciplines either with or without an accounting background (Harada 2003:212). However, the administration of financial resources within entrepreneurial enterprises is inevitable. Chimucheka (2012:3) points out that financial resources are needed for the day-to-day operation of a business. On the same basis, Strydom (2005:17) and Urban and Naidoo (2012:147) highlight the importance of bookkeeping knowledge to avoid financial and managerial problems. Therefore, it is essential for micro-entrepreneurs to know what is happening with the business money for effective and efficient business operations. This can be achieved through the competent recording of all business transactions.

The clothing industry has been facing challenges for the past decade which have led to an increased unemployment rate (Morris and Barnes 2008:43). The following challenges within

the clothing industry were identified: increased cheap Chinese imports, rigid labour regimes, foreign competitors, lack of tax exemptions, unnecessarily complex business procedures and a lack of entrepreneurial skills to boost business competitive advantages (Roberts & Thoburn, 2003; Jacobson, 2003; Van der Westhuizen, 2007; Chikwanha, Choga, Maredza, Mavetera & Hofisi, 2013). The Department of Trade and Industry (DTI) South Africa (2013) reports that the clothing industry is still faced with significant challenges such as skills and competitiveness deficits, and limited economies of scale.

Nattrass and Seekings (2012:10) indicate that the domestic retail clothing industry contributes between sixty and seventy percent of domestic sales and is one of the major sources of employment. The researcher's attention was drawn to the clothing retail industry due to some of the challenges identified, its significant employment contribution and substantial domestic sales. Furthermore, bookkeeping competence was singled for this study out because it forms a part of the required entrepreneurial skills that can be useful to make informed financial decisions towards business success.

1.3 Statement of the research problem

The South African clothing industry has recorded a massive business failure (Van der Westhuizen, 2007; Morris & Barnes, 2008; DTI, 2013; Morris & Barnes, 2014) while insufficient entrepreneurial skills have been blamed as the major cause of entrepreneurial failure. Accounting skills play a pivotal role towards entrepreneurial success (Preisendörfer, Bitz & Bezuidenhout, 2012; Mugobo & Ukpere, 2012; Barte, 2012). Rajaram and O'Neill (2009) point out that majority of micro-entrepreneurs lack accounting skills; hence there is a need to conduct further studies on skills issues relating bookkeeping. Lack of accounting skills and/or incompetence in bookkeeping are associated with the failure to identify when the business is defrauded by unscrupulous employees, meeting taxation obligations, tracking accounts payable, tracking accounts receivable and proper monitoring of budgeting which can lead to business failure.

1.4 Rationale

Chronologically, entrepreneurial lifespan commences with start-up, product and organisational development, major financing and rapid growth and ends with maturity (Van Aardt, Hewitt, Bendeman, Bezuidenhout, Van Rensburg, Naidoo, Van Aardt, Van Der Bank & Visser, 2011:344). Similarly, Leach and Melicher (2012:29) indicate the following entrepreneurial lifespan stages: developing stage, start-up stage, liquidate/restructure stage, rapid-growth stage and early-maturity stage. All the entrepreneurial lifespan stages require

bookkeeping competence to accurately capture transactions during payments of expenses, and sales of the enterprise's products and services.

Baron and Shane (2008:169) point out that any business should answer to the following questions: "Do you balance your cheque book every month? Do you have a clear idea of how much money you have in the bank, in your checking account, brokerage accounts, and other sources?" The researcher was motivated by similar questions to those of Baron and Shane to analyse bookkeeping competence such as: do micro-businesses in the clothing retail industry record all their transactions on a daily basis? Do they have a clear idea of how much money they have for the business? Do they separate their personal finances from business finances? Do they record withdrawals? Do they have bookkeeping skills? How accurate are they in capturing business transactions?

Peit (2010:73) indicates that the government is aware that Small-, Medium- and Micro-sized Enterprises (SMMEs) are the backbone of the of the country's economy. Turton and Herrington (2012:48) state that it is of great concern that South Africa's rate of business failure is higher than its rate of business success. Findings from Kelley, Singer and Herrington (2012:14) indicate a repetitive pattern of entrepreneurs exiting businesses as a result of insufficient entrepreneurial skills or noting problems associated with access to finance. It appears that there has been intensive focus from the government on providing finance directly to new businesses, rather than on overcoming business failure due to the inability of entrepreneurs to gain the necessary entrepreneurial skills (Turton and Herrington (2012), cited by Smorfitt (2008:52)).

Findings from Drexler, Fischer and Schoar (2012:5) indicate that more than 50% of entrepreneurs made an error when they were requested to capture and report on revenues and profits over a different period of time. Wileman (2010:45) states that the need to tell a rich story about what's happening with historical financials, today's financials and future financial projections should be done accurately, insightfully and in a time-efficient way. It is on this basis that the researcher became keen to analyse the bookkeeping competence possessed by micro-entrepreneurs.

Inmyxai and Takahashi (2011:5) state that there is a connection between business finance and the entrepreneur's education and work experience in terms of access to formal finance. Rajaram and O'Neil (2009:17) confirm that insufficient funds are the largest barrier faced by entrepreneurs. Additionally, Rajaram and O'Neil (2009) recommend that further study should be conducted into skills that are essential for a successful application for funding such as cash-flow management, drafting a business plan and bookkeeping. As recommended by Rajaram and O'Neil, the researcher is interested in fulfilling the study on bookkeeping skills. Kelly, Barrow and Epstein (2012:10) point out that when bookkeeping is done properly, it gives accurate financial information to be presented to funders and gives an excellent measure on how well a business is performing. On the same basis, Benedict (2012:33) highlights the importance of bookkeeping towards accurate financial information. Therefore, financial information maintained through competent bookkeeping can be used as a tool to diagnose and prevent problems associated with business discontinuation.

The study was done in Cape Town. Additionally to the abovementioned rationales, Cape Town is one of the cities dominated by the clothing industry enterprises in South Africa. The Western Cape, Gauteng, and KwaZulu-Natal are three geographical areas in which the South African clothing industry is concentrated, particularly in cities like Cape Town, Johannesburg and Durban respectively (Barnes, 2005:5). "According to National Bargaining Council statistics, as of June 2004 there were 827 clothing firms in SA, with 327 located in the Western Cape, 239 in the Northern areas, 219 in KwaZulu-Natal and 42 in the Eastern Cape," (Barnes 2005:5). The South African clothing industry has been a very substantial source of employment (Vlok, 2006:227).

1.5 Research questions

The following are the research questions for this thesis:

- What bookkeeping skills do micro-entrepreneurs in the clothing retail industry possess?
- Do micro-entrepreneurs in the retail clothing industry in Cape Town practice bookkeeping competencies in their daily business transactions?
- How do micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance on business operations?

1.6 Objectives of research

The following are the objectives of the thesis:

- To analyse what bookkeeping skills micro-entrepreneurs in the clothing retail industry possess.
- To evaluate whether bookkeeping skills are put into practice within the retail clothing industry in their daily business transactions.
- To understand how micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance in Cape Town.

1.7 Research methodology

This study used an empirical research approach to analyse the bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town. Empirical research approach refers to integration of quantitative and qualitative data collection (Veal 2011:31). A quantitative approach focuses its attention on measurement and the amounts of characteristics displayed by people and events that the researcher investigates (Thomas 2003:1). While qualitative research has a multi-method focus, it attempts to “study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meanings people bring to them” (Newman, 1998:16).

1.7.1 Research design

Research design is defined as “the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and to control variance” (Bhattacharyya 2006:40). Concurrent triangulation data-collection design was used whereby qualitative and quantitative data was collected and simultaneously analysed (Hanson, Crewell, Plano Clark & Petska, 2005:229). Prioritisation of data collection was given equally to both qualitative and quantitative approaches so as to gain adequate information on all the study objectives.

1.7.2 Population

According to Veal (2011:356), population refers to the total category of subjects which is the focus of attention in a particular project research. The study comprised owners of businesses and financial administrators in the retail clothing industry. The targeted population were the clothing retail micro-enterprises located in Cape Town, South Africa. The population only included micro-enterprises with less than ten employees operating within Cape Town for any number of years.

1.7.3 Sample technique

Sampling is any procedure that draws conclusions based on measurements of a portion of the population (Zikmund & Babin, 2010:658). The study employed non-probability purposive and cluster sampling methods by uniquely selecting micro-enterprises within the clothing industry. Purposive sampling was based on the following criteria: firstly, the business employs 0-10 workers; secondly, the business is within the clothing industry; thirdly, the business has a structure of operation, not a vendor entrepreneur. Cluster sampling was based on geographical demarcation whereby the suburban clusters to undertake the study were selected based on areas where retail clothing businesses dominate in Cape Town so as to obtain a representative sample. The following suburban clusters, which are mainly dominated by retail clothing business in Cape Town, were selected: Cape Town Central Business District, Woodstock, Salt River, Maitland, Bellville, Observatory, Mowbray, Rondebosch, Claremont, Wynberg, Waterfront and Green Point.

Sample size

The sample consisted of 62 micro-entrepreneurs operating retail micro-enterprises in the clothing industry in Cape Town. Data was collected from a sample of 62 units by distributing self-administered questionnaires and conducting structured qualitative interviews. Chapter 4 presents a full discussion of the research methodology.

1.7.4 Methods

Quantitative and qualitative data was collected using questionnaires that were distributed to business owners and financial administrators within retail clothing enterprises. The questionnaire was divided into four sections of which the first two sections (Section A & B) and the last section (Section D) comprised quantitative (closed-ended) questions and the third section (Section C) had qualitative (open-ended) questions (See appendices B1 and B2). The respondents answered quantitative questions on their own without interacting with the researcher. The qualitative method was used through conducting interviews using the third section of the questionnaire. The interviews enabled the researcher not to be limited to the closed-ended questions but to explore the wide views of micro-entrepreneurs so as to get adequate information on achieving the research objectives.

The below Table 1.1 summarises how the objectives were derived and the methods used to answer the investigative questions:

Table 1.1 Consistency matrix

Title : An analysis of bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town'			
Research questions	Research objectives	Sources of data	Type of data
What bookkeeping skills do micro-entrepreneurs in Cape Town in the clothing retail industry possess?	To analyse what bookkeeping skills micro-entrepreneurs in Cape Town in the clothing retail industry possess.	Section A of the questionnaire	Quantitative data
Do micro-entrepreneurs in the retail clothing industry in Cape Town practice bookkeeping competencies in their daily business transactions?	To evaluate whether bookkeeping skills are put into practice within the retail clothing industry in their daily business transactions.	Section B of the questionnaire	Quantitative data
How do micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance on business operations?	To understand how micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance in Cape Town.	Section C, structured qualitative interview questions	Qualitative data

1.8 Significance of the study

It is anticipated that the findings of the study may provide information on bookkeeping competence to policy makers and aspiring micro-entrepreneurs, hence the awareness of bookkeeping training gaps. The study practically assessed the competence of the respondents together with their perceptions, not merely focusing on qualifications. Training gaps can easily be identified through this positive approach as opposed to the prevailing normative approaches. The key beneficiaries of the study include government in their pursuit of economic development, particularly for training purposes. It is the researcher's opinion that the information will not only help micro-entrepreneurs in the retail clothing industry but all micro-entrepreneurs in all the industries which engage in bookkeeping. The research will also add to the body of knowledge and possibly contribute towards entrepreneurial skills rectifications.

1.9 Limitations

The availability of sufficient funds to finance the study, especially on data collection, was the major limitation. As per anonymous agreement on consent letters, most participants did not provide their telephonic contact details; therefore the researcher had to constantly travel to different places to collect data because of the different time schedules of the participants. This was costly and in some instances participants kept on postponing the dates of interviews and questionnaire collections; hence more transportation costs were involved. Time limitation was also a factor as some business owners were either not available or did not have enough time to complete the questionnaire and sit for an interview on the same day. The researcher had to visit the same businesses repeatedly to inquire as to the completion of the questionnaires and establish new times for interview questions. As a result of failing to get fixed and definite dates for appointments, the data collection took six months to be completed.

1.10 Thesis outline and structure of the chapters

This thesis consists of six chapters, namely:

Chapter 1 Introduction and background to the study: This chapter introduces the study by providing a brief description of the background and problem statement of the study investigated, followed by the rationale behind the study. It then provides an outline of the chosen methods to answer the research questions, significance and limitations of the study.

Chapter 2 Conceptual and theoretical framework: This chapter provides clarification of concepts and theories that relate to the study at hand. Firstly, conceptual framework is considered in which a micro-entrepreneur and Cape Town are defined, followed by defining concepts pertaining to record-keeping under the following headings: elements of financial statements, accounting concepts and bookkeeping. Finally, the theoretical framework is discussed based on Expectancy Theory, Systems Theory and Goal-Setting Theory as a rationale to be competent in bookkeeping.

Chapter 3 Literature review: This chapter reviews literature on bookkeeping competence of entrepreneurs within the clothing industry and their training implications. Firstly, the clothing industry is discussed together with its role in Cape Town. Next, literature on the importance of small business is reviewed followed by an in-depth discussion on training implications of micro-entrepreneurs. Small-business accounting records, the bookkeeping and accounting

cycle follow in alignment with the study objectives to analyse bookkeeping competence and to evaluate whether bookkeeping skills are put into practice.

Chapter 4 Research methodology: This chapter explains the research methodology undertaken in the study to collect and analyse data in order to answer the research questions and gain a better understanding of micro-entrepreneurs' competence in bookkeeping within the retail clothing industry in Cape Town. Firstly, empirical research methodology, which involves both a quantitative and qualitative approach, is discussed in relation to the study. This is followed by the research design which defines concurrent triangulation design and explains how the design is applied in data collection. Next, the research sample is highlighted, clearly indicating the sampling technique and methods used, together with the boundaries of the study population. Finally, data collection is discussed based on the process of designing the questionnaire, the pilot study and administration of the questionnaire.

Chapter 5 Presentation of the research results, analysis and discussions: This chapter presents and analyses the findings of the study collected through self-administered questionnaires and structured qualitative interviews. The findings are presented based on the objectives of the study under the following major sections of the questionnaire: bookkeeping training and competence, bookkeeping execution, and bookkeeping perceptions of micro-entrepreneurs in the clothing retail industry in Cape Town, South Africa. The last section presents and analyses the general information of the study. The results are presented by means of tables, graphs and pie charts

Chapter 6 Conclusion and recommendations: This chapter discusses the findings of the study in relation to the objectives of the research, followed by an overview of the previous chapters. The chapter is then concluded by providing recommendations and suggestions for future studies.

The next chapter discusses the conceptual and theoretical framework of the study.

CHAPTER TWO

LITERATURE REVIEW: CONCEPTUAL AND THEORETICAL FRAMEWORK

2.1 Introduction

The aim of this chapter is to provide clarification of concepts and theories that relate to the study at hand. Firstly, conceptual framework is considered in which micro-entrepreneurs, the retail clothing industry and Cape Town are defined. Secondly, the clarification of elements of financial statements, accounting concepts and bookkeeping are considered. Thirdly, the theoretical framework is discussed based on the Expectancy Theory, Systems Theory and Goal-Setting Theory as a rationale to be competent in bookkeeping within an enterprise.

2.2 Conceptual framework

Conceptual framework refers to a descriptive presentation that illustrates relationships of key factors and concepts of the study (Miles & Huberman, 1994; Devins, Gold, Johnson & Holden 2005; Yang & Robson, 2012; International Financial Reporting Standard (IFRS), 2013). In the accounting domain, conceptual framework sets out the concepts that underlie the preparation of financial statements (IFRS, 2013). Therefore in this section, a descriptive scope about micro-entrepreneurs, the clothing industry and Cape Town are discussed. Next, elements of financial statements and accounting concepts are highlighted. This is important, because bookkeeping underpins the preparation of financial statements and general financial information.

2.2.1 Micro-entrepreneurs

Most researchers define a micro-entrepreneur as a person who owns a small business with zero to 10 employees (Alam & Miyagi, 2004; Shaw, 2008; Van Aardt, Hewitt, Bendeman, Bezuidenhout, Van Rensburg, Naidoo, Van Aardt, Van Der Bank & Visser, 2011; Haltiwanger, Jarmin & Miranda, 2013). O'Dwyer and Ryan (2000:345) state that a micro-entrepreneur's "definition depends on the purpose to which it is to be put so that different aspects of smallness may therefore be more appropriate for some purposes than for others". It has been noted that a variation in the definition exist in terms of the number of employees, as the National Small Business Amendment Act No. 26 of 2003 (South Africa, 2003:8) classifies micro-entrepreneurs as small businesses with one to five employees. This supports the earlier suggestion by O'Dwyer and Ryan (2000) who emphasise that the definition depends on the purpose and aspect of smallness appropriate for a certain purpose. Therefore, this study considers small businesses operated by micro-entrepreneurs as enterprises with zero to 10 employees within the clothing retail industry.

Alam and Miyagi (2004:7) declare that micro-entrepreneurs own micro-enterprises which are categorised under Small Business Enterprises (SBEs). Similarly, Haileselasie Gebru (2009:322) categorise small businesses as Micro-and Small Enterprises (MSEs). Small businesses are divided into two: formal small businesses and informal small businesses (Bigsten, Kimuyu & Lundvall, 2000; Kay, 2011; Ligthelm, 2013). Formal small businesses refer to enterprises which are registered and are in compliance with legal government obligations (Bigsten et al., 2000; Kay, 2011; Webb, Bruton, Tihanyi & Ireland, 2012). Informal small businesses refer to businesses which are not registered and are not complying with legal obligations such as taxes, safety and labour laws (Bigsten et al., 2000; Kay, 2011; Webb et al., 2012; Bukaliya & Aleck, 2012; Ligthelm, 2013). Both formal and part of informal businesses form part of this study. Informal unregistered small businesses operating within fixed building structure were included in the study. However, informal small businesses, such as pavement vendors, were excluded from the study.

2.2.2 The retail Clothing industry

Clothes for male and female or unisex comprise working garments, festive garments, undergarments, sportswear, outdoor garments, day wear, night wear, and uniforms (Holmes, Marsh, Vanggaard Doucet & Behmann, 1988; Bennett, 2003; Steffen, 2009; Bossard, Dantone, Leistner, Wengert, Quacks & Gool, 2012; Snodgrass, 2014). Therefore, the clothing industry focuses on producing and supplying clothes to a wide range of markets (Bennett, 2003). In turn, clothing or apparel in humanity serves as a means to cover and protect the human body in both hospitable and inhospitable climates (Steffen, 2009; Bossard et al., 2012; Snodgrass, 2014). Moreover, clothing can be used as a means of communication to denote social status, modesty, culture, lifestyle, art or attraction (Twigg, 2007; Kisfaludy, 2008; Steffen, 2009; Bossard et al., 2012).

Generally, fabric and footwear are also commonly categorised under the textile and clothing industry (Guercini & Runfola, 2004; Lam & Postle, 2006; Twigg, 2007; Goldman & Kampmann, 2007; Kisfaludy, 2008; Steffen, 2009; Gupta, 2011; Cortez, 2012). Additionally, theAdvisen (2012) on “specialty Apparel Retail “Teaser” Industry Report states that clothing retail outlets usually have additional products ranging from footwear to fragrances regardless of their specialisation. For this study, the clothing retail industry refers to retail enterprises selling a wide range of men’s, women’s, children and unisex clothes excluding enterprises which exclusively sell fabric and footwear.

2.2.3 Cape Town

Cape Town is located in the Western Cape Province of South Africa and is the province's capital (Bickford-Smith, Van Heyningen & Worden, 1999; Hiller, 2000; Lemanski, 2004; Miraftab, 2012; Maps of World, 2012; City of Cape Town, n.d.). It is the second most populous city after Johannesburg with approximately 3.74 million people representing a mix of different ethnic groups (Small, 2008; Bickford-Smith, 2010; Statistics South Africa, 2011). The Cape Town population is historically racially classified according to black, white, coloured and Indian/Asian people (Lemanski, 2004:103).

There are three official languages in the city, namely English, Afrikaans and Xhosa (Banda, 2000; Banda, 2010; Bickford-Smith, 2010; City of Cape Town, n.d.). The city is essentially one of the most multicultural cities in the world and has a very rich history (Wilkinson, 2000; Rassool & Proselandis, 2001; Coombes, 2003; Murray, 2007; Bickford-Smith, 2010). Being also South Africa's legislative capital and seat of national parliament, the city enjoys much national and international attention and is centrally supported by its vibrant tourism industry among other industries such as retail clothing and wine production (Banda, 2006; Bickford-Smith, 2010; Cape Town Tourism, n.d., City of Cape Town, n.d.). Below is the map of Cape Town where the study was undertaken.

Figure 2.1: Cape Town Map (Source:Scapenotes, n.d.)



Having discussed and defined the boundaries of the study, the next section covers the elements of financial statements, accounting concepts and bookkeeping in relation to the current study. The section sheds more light on bookkeeping terminologies which are essential if micro-entrepreneurs are to be competent in record-keeping.

2.2.4 Elements of financial statements

This section defines and explains the elements of financial statements and how they affect micro-entrepreneurs when recording transactions. According to IFRS (2013), the elements of financial statements are: assets, liabilities, equity, income and expenses. Assets, liabilities and equity relate to the financial position while income and expenses relate to financial performance. Elements of financial statements (Service, 2011:17) are recorded and included in the journals, trial balance and then in the financial statements.

2.2.4.1 Assets

Assets are resources controlled by an entity as a result of past events from which future economic benefits are expected to flow to the entity (International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs, 2013)). Eliana and Marcus (1990:10) explain that assets can be either owned by the business owner or rented from another entity; for example the clothing stock owned by the micro-entrepreneur and the rented building (fixed property) where the retail micro-entrepreneur operates his business. Yet, Collier and Kizan (2003:26) and IFRS (2013) assert that only the assets owned by the entrepreneur will be recorded as assets since the entrepreneur has control of them and the rented assets will be recorded as an expense.

2.2.4.2 Liabilities

According to IFRS for SMEs (2013), liabilities are a present obligation of an entity as a result of past events of which the settlement is expected to result in an outflow from the entity's economic benefits. For example, the repayment of a loan borrowed for starting up the clothing retail business.

2.2.4.3 Equity

IFRS for SMEs (2013) defines equity as the residual interest in the assets after deducting all liabilities; for example, the seed capital which the micro-entrepreneur used to start a business and the net profit which the micro-entrepreneur gains on a monthly basis.

2.2.4.4 Income

Solomons (1961:376) defines income as “the amount by which its worth has increased during the period, due allowance being made for any new capital contributed by its owners or for distributions made by the business to its owners.” According to Eliana and Marcus (1990:10), income is reflected by the recorded goods and services supplied and rendered to clients. Similarly, Collier (2009:29) affirms that “income is the revenue generated from the sale of goods and services”. Moreover, Robertson (2003:35) and Service (2011:629) state that income refers to accounting inflows that increase the economic value of the business through enhancements of assets and reductions of liabilities.

Income increases the economic benefit of an entity during the accounting period in the form of inflows which enhance assets and decrease liabilities (IFRS for SMEs 2011:14). Furthermore, IFRS for SMEs (2009:16) states that income both encompasses revenues and gains; revenue income refers to income that arises in the course of ordinary activities of an entity and is referred to by a range of names such as sales, royalties, interest, rent, fees and dividends. On the other hand, gains refer to other items that meet the definition of income but are not revenue e.g. gains incurred due to foreign exchange after selling clothes to tourists in foreign currency (Mackenzie, Lombard, Coersee, Njikizana & Chamboko, 2010; Venter, Stiglingh, Koekemoer, Stedall & Mostert, 2014).

2.2.4.5 Expenses

IFRS for SMEs (2013) and Robertson (2003:35) point out that expenses decrease the economic benefit of an entity during the accounting period in the form of outflows, increase in liabilities and depletion of assets, and decrease in equity. Expenses are reflected by amounts recorded for services received (Eliana & Marcus, 1990:10) and are costs incurred in producing the goods and services (Collier 2009:29) or costs of assets consumed in the process of generating revenue (Kimmel, Weygandt & Kieso, 2008:11). For example rent payment for the use of premises in generating revenue and employees’ salaries for the services received are recorded as expenses.

In addition to the elements of financial statements, the micro-entrepreneur within a micro-enterprise needs to know and understand accounting concepts which highlight rules and principles which work as the basis for recording business transactions and preparing accounts.

2.2.5 Accounting concepts

Accounting concept refers to the basic assumptions, rules and principles which work as the basis for recording business transactions and preparing accounts. Accurate bookkeeping cannot be done in isolation of accounting-concepts knowledge. Most authors (Solomons, 1961, Hines, 1991; Pyke, 1999; Banerjee, 2010; Paneliya, 2012.; International Public Sector Accounting Standards Board (IPSASB), 2013; IFRS, 2013; Albrecht, 2014) have identified the following accounting concepts:

- Business entity
- Money measurement/ stable money unit
- Going concern
- Historical cost
- Prudence/ conservatism
- Materiality
- Objectivity
- Consistency
- Accruals/matching
- Disclosure
- Relevance.

The below accounting concepts are briefly defined and explained with an aid of examples in relation to micro-entrepreneurs within the clothing industry.

2.2.5.1 Business entity

The micro-enterprise, as a juristic person, and its owner, the natural person, are two distinct independent entities; for bookkeeping purposes the enterprise transactions are separate from those of its owner's personal transactions (Gynther, 1967; Burman, 2008; IFRS, 2013; Albrecht, 2014). For example, the money in the till from the sale of clothes belongs to the enterprise and the money which the micro-entrepreneur gets as a salary belongs to the micro-entrepreneur. If the micro-entrepreneur takes the money from the till for personal use, it will be recorded as a withdrawal. Conversely, the money which the micro-entrepreneur uses for personal items will not affect business records. Arguably, the South African Revenue Services (SARS) (2014) state that for taxation purposes an entrepreneur's gross income can either be taken from the entrepreneur's salary or be treated as the overall income of the entrepreneur. However, for bookkeeping purposes SARS (2014) affirm with

the abovementioned authors that withdrawals will be treated as the money which rightfully belonged to the business, not the owner.

2.2.5.2 Money measurement

All transactions of the business are recorded in terms of money (Izhar, 2001; Pendlebury & Groves, 2004; Banerjee, 2010; Paneliya, 2012). Monetary records provide a common unit of measurement which enables a micro-entrepreneur to know the value of the assets the business owns (Banerjee, 2010; Paneliya, 2012). Businesses are to add diverse business activities together into one common denominator of money without having to deal with complexities of heterogeneity of business activities (Izhar, 2001:26). In addition, monetary measurement enables the business to measure profitability and performance (Velimirović, Velimirović & Stanković, 2011:63). Therefore it is essential for a micro-entrepreneur to be competent in bookkeeping and practise bookkeeping so as to measure business profitability and performance from the financial records which will be produced.

2.2.5.3 Going concern

A going concern, also referred to as a 'continuity concept', is based on an assumption that the business will indefinitely continue its operation, hence allowing accountants/bookkeepers to capture and value non-current assets at balance-sheet cost rather than their market value (Hermanson, Maher & Edwards, 2011). Financial statements of an enterprise are prepared on a going concern basis, which means an enterprise will continue in operational existence for the foreseeable future unless the entrepreneur intends to liquidate the entity (Pyke, 1999; Hermanson, Maher & Edwards, 2011; IFRS for SMEs, 2013). For example, a micro-entrepreneur valuing clothing racks on the balance sheet at R15 000, the price at which they were bought in 2010, rather than their current market value of R10 000 in 2014. The R15 000 clothing racks' valuation is based on the assumption that the business owner is not intending to sell business assets or liquidate the business. If the business owner is intending to liquidate the business, then clothing racks will be captured and valued at R10 000, the 2014 market value.

2.2.5.4 Historical costs

Historical costs, also referred to as acquisition costs concept, refer to the amount of money paid in acquiring an asset (Maher, Stickney & Weil, 2011:47). Similarly to 'going concern concept', historical costs underlie that an enterprise's assets should be shown on the balance sheet at the cost of purchase instead of current value (Maher, Stickney & Weil,

2011; Paneliya, 2012; Albrecht, 2014). For example, the micro-entrepreneur bought clothing racks at R15 000 worth in the previous year and the current value of the clothing racks is R10 000. When recording the current year's business records, the cost value of the clothing racks (R15 000) will be recorded instead of the current value (R10 000). Historical costs concept's main purpose when recording business transactions is for calculation of assets depreciation (Maher, Stickney & Weil, 2011).

2.2.5.5 Prudence

The concept of prudence, also referred to as realisation principle, states that revenues and profits are not anticipated but recognized in the profit and loss account after they have been actually earned (Pyke, 1999; Izhar, 2001; Pendlebury & Groves, 2004; Ryan, 2008; Banerjee, 2010; IFRS for SMEs, 2013). Profit and loss account reflects the difference between income and expenditure (Service, 2011:41). If income is greater than expenditure there is profit and if income is less than the expenditure there is a loss (Eliana & Marcus, 1990:10). The motive behind the prudence concept is that the business should not recognize stock at a higher value of income than the attached amount which is expected from stock sales (Pendlebury & Groves, 2004; IFRS for SMEs, 2013). On the other hand, business liabilities should not be presented below the amount to be paid in future (Pendlebury & Groves, 2004; IFRS for SMEs, 2013). If the prudence concept is not followed it leads to a misleading and incorrect reflection of the business records and profitability (Pendlebury & Groves, 2004:15). For example, the risk of income being overstated and liabilities understated, hence misleading financial records to investors (Izhar, 2001; Pendlebury & Groves, 2004; IFRS for SMEs, 2013).

2.2.5.6 Materiality

Materiality refers to transactions which can be omitted in preparation of financial statements depending on the size and nature of the item, provided the transaction does not have a significant effect on the financial statement and decision making (Kwok, 2005; Weygandt, Kieso, Kimmel & DeFranco, 2009; IFRS for SMEs, 2013). "The materiality concept asks whether the inclusion of the item in the financial statements enhances the usefulness of the financial statements in the eyes of the readers" (Kwok, 2005:30). For example, the cost of small-valued assets such as pencil sharpeners can be omitted from the profit and loss account as revenue expenditures, although they can last for more than one accounting period. However, small payments such as stationery, postage and cleaning expenses will be

disclosed as sundry expenses as there have a significant effect on the financial statement and decision making.

2.2.5.7 Objectivity

The objectivity concept underlies that the accounting business information should be free from bias and capable of independent verification (Hines, 1991; Ramlochan & Lalla, 2002). The business's financial records should be recorded on a factual basis (Ramlochan & Lalla, 2002:12). The information should be based upon verifiable evidence such as invoices or contracts. The recognition of revenue should be based on verifiable evidence such as the delivery of goods or the issue of invoices (Hines, 1991; Banerjee, 2010; Albrecht, 2014). For example, if the micro-entrepreneur's financial records reflect that the business bought stock worth R10 000, then this purchase should be verifiable by invoices received from suppliers as a request of payment and copies of delivery notes provided by the suppliers when the stock was delivered.

2.2.5.8 Consistency

The consistency concept underlines that businesses should choose the most appropriate accounting methods and consistently apply them periodically (Pyke, 1999; IFRS for SMEs, 2013). In accounting, when recording transactions, there are cases where there is more than one acceptable treatment (Izhar, 2001:27). For example, there are different methods of calculating depreciation and stock valuation (Izhar, 2001; Flynn & Koornhof, 2005; Service, 2011). If different methods are used when recording transactions on a monthly basis or yearly, this will mostly lead to different balance sheet and profit figures (Izhar, 2001:27). Therefore, to overcome this problem, the consistency concept approach should be used where a single accounting method is used when recording business transactions (Izhar, 2001:27). A consistency concept approach within micro-enterprises enables micro-entrepreneurs to directly and transparently compare historical financial records to current financial records in decision making. Furthermore, a truer representation of the business's affairs may be provided to policy makers and potential funding institutions (Izhar, 2001:27).

2.2.5.9 Accruals

The accrual concept, also known as the matching concept states that revenues are recognized when they are earned, but not when money is paid; and expenses are recognized as they are incurred, but not when cash is paid (Pyke, 1999; Izhar, 2001; Pinson, 2007; IFRS for SMEs, 2013). Since revenue is a principal component in the measurement of

profit, the timing of its recognition has a direct effect on profit (Pinson, 2007:10). This means that the revenues for a particular period should be matched against the costs for that period (Izhar, 2001:25). Therefore, the net income for a specific month is determined by deducting expenses incurred from revenue earned in that month. In addition, Pendlebury and Groves, (2004:13) declare that “under accruals accounting it is the time an expense is incurred or revenue is earned that determines the accounting period which the transaction is accounted for”. For example, if the micro-entrepreneur pays this month an expense for last year, the money paid belongs in last year’s accounts (Izhar, 2001:25).

2.2.5.10 Disclosure and relevance

The disclosure concept notes that financial statements should be prepared to reflect a true view of the financial and performance of the enterprise. All material and relevant information must be disclosed in the financial statements (IPSASB, 2013; IFRS, 2013). Micro-entrepreneur seeking funding will have to abide by the disclosure concept through competent bookkeeping to submit financial statements with the true view of the business’s financial performance. According to the International Financial Reporting Standards (2013) the disclosure concept is not a requirement for small businesses such as micro-entrepreneurs. Similar to the disclosure concept, the relevance concept highlights that financial statements should be prepared to meet the objectives of the users (Paneliya, 2012; IPSASB, 2013). Relevant information which can satisfy the needs of most users is selected and recorded in the financial statement (IPSASB, 2013, IFRS, 2013). For example, micro-entrepreneurs will record business transactions according to their decision-making requirements.

Conclusion

Micro-entrepreneurs have to be knowledgeable about accounting concepts so as to competently embark on bookkeeping. Knowledge and understanding of accounting concepts, which are the basis for recording business transactions and preparing accounts, may probably result in accurate bookkeeping. The outcome of accurate bookkeeping is financial business records which reflect a true reflection of a business’s performance, hence micro-entrepreneurs and funders relying on factual information for decision making. Next, bookkeeping is explained based on the single-entry, double-entry and accounting equations.

2.2.6 Bookkeeping

Bookkeeping is part of the accounting process (Weygandt, Kimmel & Kieso, 2010:5) and it entails recording and reporting the financial transactions or economic events of a business

(Flynn & Koornhof 2005:2-4; Bragg, 2011:3 Hulstijn & Christiaanse, 2013:3). Bookkeeping encompasses both single- and double-entry reporting (Service, 2011; IFRS, 2013). International Financial Reporting Standard (2013) further differentiates the single-entry system from the double-entry system. The single-entry system entails the recording of cash-related transactions that affect the company's cash balance. Conversely, the double-entry system entails the use of credits and debits to record transactions as they occur, but moves beyond cash-only transactions.

2.2.6.1 Single-entry

Ganim (1996:295) and Chen (1998:77) proclaim that single-entry bookkeeping entails the recording of cash transactions for profit and loss, with both debits and credits parallel. Schultz and Hollister (2004:143-144) state that single-entry bookkeeping was there to oversee trade balances between individuals and was satisfactory for entrepreneurs before the eighteenth and nineteenth century's requirement of reporting profits to third parties. Schultz and Hollister (2004) further assert that double-entry was specifically for small shopkeeper "micro-entrepreneurs". Chen (1998:77) collaborates with Schultz and Hollister (2004:144) regarding single-entry bookkeeping inadequacy towards the nineteenth century's complex business transactions. Since single-entry bookkeeping could not meet the nineteenth century's requirements and complexities of businesses, it was replaced by double-entry bookkeeping (Chen, 1998; Sangster, Stoner & McCarthy, 2011; Wissler, 2013).

2.2.6.2 Double-entry

According to Chatfield (1977:35), double-entry bookkeeping originated from duality of entries from the exchange of goods and services between the giver and receiver, buyer and seller, debtor and creditor. The elements of exchange (giver and receiver, buyer and seller, debtor and creditor) are reflected by the actual names used to label the recorded entries: "debit" (*debito* in Italian) which denotes "they owe us" and "credit" (*credo* in Italian) which indicates "we received from" (Geijsbeek, 1914:14). Moreover, Littleton (1933:27) and Ganim (1996:298) affirm that double-entry bookkeeping is based on duality of entries and the equilibrium of debits and credits.

Generally, the debit-credit method bookkeeping is the one mostly used world-wide through the utilisation of double-entry bookkeeping (Bhutta & Shah, 2013:16). Although double-entry bookkeeping dominates in the twenty-first century (Chen, 1998; Sangster, Stoner & McCarthy, 2011; Wissler, 2013), Pinson (2007:14) points out that single-entry bookkeeping is

much easier and works extremely effectively for micro-entrepreneurs. Double-entry bookkeeping is mainly done electronic, while single-entry bookkeeping is done manual (Pinson, 2007:14). Principles of the accounting equation are used when undertaking either single- or double-entry bookkeeping.

2.2.6.3 Accounting equation

The accounting equation presents three elements of financial statements which are assets, liabilities and owner's equity (Lerner, 1987; Chen, 1998; Rai, 2003).

The accounting equation is as follows;

$$\text{Assets} = \text{Liabilities} + \text{Owner's equity (1)}$$

Comprehensively, William, Haka and Bettner (2002:68) state that the equation initiates from

$$\text{Assets} = \text{Liabilities (2)}$$

Whereby, liabilities emanate from either external financing (liabilities) or internal financing (liabilities). External liabilities are referred to as liabilities while internal liabilities are referred to as owner's equity which implies

$$\{\text{Liabilities} = \text{Liabilities (external financing)} + \text{Owner's equity (internal financing)}\}.$$

Therefore, affirming with the abovementioned authors with regard to the accounting equation as:

$$\text{Assets} = \text{Liabilities} + \text{Owner's equity (3)}.$$

Assets are economic resources that will provide future benefit for a business, and there are two types of assets, namely tangible assets and intangible assets (Bhutta & Shah, 2013:17). Tangible assets have a physical existence, for example furniture and clothing racks used by the retail micro-entrepreneur to display clothes. Conversely, intangible assets do not have a physical existence, for example goodwill reflected by good customer relations, hence customer loyalty in buying the micro-entrepreneur's clothes.

Furthermore, assets are divided into two categories based on liquidity and duration, namely current assets and fixed assets. Current assets, also referred to as short-term assets, are easily convertible into cash, while fixed assets, also referred to as long-term assets, are not easily convertible into cash (Maritz, 2008; Service, 2011; Bhutta & Shah, 2013). Current assets are converted into cash within a year or less, while fixed assets are convertible into cash ranging from a year to five years or more (Maritz, 2008; Service, 2011; Bhutta & Shah, 2013). For example, the micro-entrepreneur's stocks (clothes for sale) are current assets while the buildings owned by the micro-entrepreneur where he/she operates business will be fixed assets. Therefore, when recording assets within a retail enterprise, stock will be recorded under current assets and buildings under fixed assets.

Liabilities are debt obligations which a business has to settle in future. They are divided into two types, namely current liabilities and long-term liabilities (Bhutta & Shah, 2013:17). Current liabilities are short-term liabilities which retire within a year while long-term liabilities are liabilities which retire within three to five years (Maritz, 2008; Service, 2011; Bhutta & Shah, 2013). For example, current liabilities would be the money which the micro-entrepreneur owes suppliers for stock bought on credit, while long-term liabilities would be a loan the micro-entrepreneur borrowed from the bank to start-up the business and owes the bank.

Owner's equity is divided into two components; single-effect components and dual-effect components (Bhutta & Shah, 2013:17). Single-effect components comprise investments, drawings and dividends while dual-effect components comprise income, expenses and net income. For example, a single-effect component for the micro-entrepreneur would be the capital invested on the retail enterprise, while net profit from sales of clothes would be a dual-effect component.

2.2.6.4 Comparison of bookkeeping methods embedded in the accounting equation

A bookkeeping system involves any of the following bookkeeping methods: the 'debit-credit method', the 'increase-decrease method', or the 'receipt-payment method' embedded in the accounting equation (Chen, 1998:83). Furthermore, Chen (1998:83) points out that all the bookkeeping methods are technically the same, however distinct on the use of words. The 'debit-credit method' uses 'debit' and 'credit'; the 'increase-decrease method' uses 'increase' and 'decrease' and 'receipt-payment method' uses 'receipt' and 'payment'.

2.2.6.4.1 Debit-Credit Method

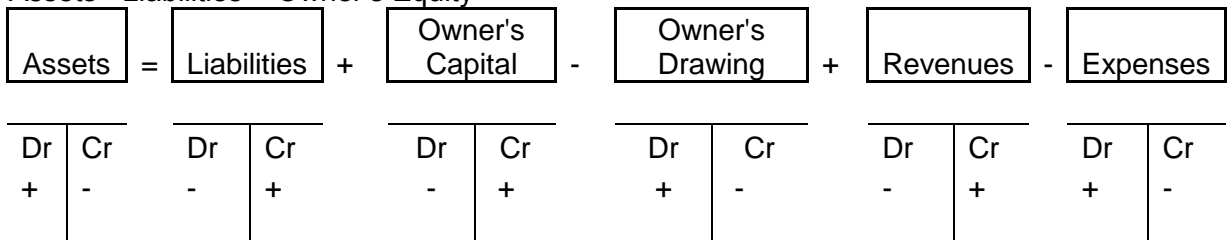
Chen (1998:83) explains that the debit-credit method “maintains a balance between debits and credits in a single transaction, in all transactions together, and in account balances”. The debit-credit method uses debit and credit rules which affect the elements of financial statements as follows: assets are decreased by credits (-) and increased by debits (+); liabilities and owner’s equity are decreased by debits (-) and increased by credits (+); income is decreased by debits (-) and increased by credits (+); and expenses are decreased by credits(-) and increased by debits (+) (Bhutta & Shah, 2013:16). Table 2.1 and Figure 2.1 below illustrate debit and credit rules and the debit-credit method respectively.

Table 2.1: Debits and credit rule [Source (Bhutta & Shah, 2013:16)].

Account type	Decrease recorded by	Increase recorded by
Assets	Credit	Debit
Liabilities	Credit	Debit
Owners’ equity	Debit	Credit
Income	Debit	Credit
Expenses	Debit	Credit

Figure 2.2: Debit-credit method [Source (Chen, 1998:84)]

Assets = Liabilities + Owner’s Equity

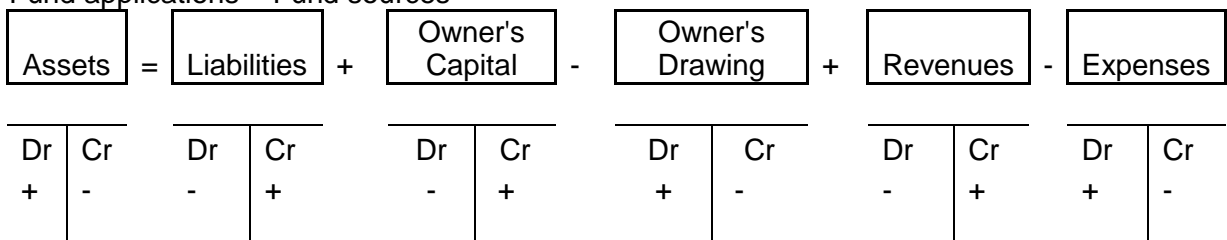


2.2.6.4.2 Increase-decrease method

Chen (1998:83) clarifies that the increase-decrease method classifies accounts into funds applications and fund sources. Table B1 below illustrates the increase-decrease method:

Figure 2.3: Increase-decrease method [Source (Chen, 1998:84)]

Fund applications = Fund sources



2.2.6.4.3 Receipt-payment method

Chen (1998:83) clarifies that the receipt-payment method classifies accounts into three: fund balances, fund sources and fund applications. Table C1 below illustrates the receipt-payment method:

Figure 2.4 Receipt-payment method [Source (Chen, 1998:84)]

Fund Balances = Fund Sources – Fund Applications

Assets		=	Liabilities		+	Owner's Capital		-	Owner's Drawing		+	Revenues		-	Expenses	
Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr		Dr	Cr
+	-		-	+		-	+		+	-		-	+		+	-

A sample (Figure 2.5, 2.6, & 2.7) of transactions using the three abovementioned bookkeeping methods applicable to a clothing retail enterprise

- 1) Micro-entrepreneur's investment on the business amounted to R25 000
- 2) The micro-entrepreneur borrowed R10 000 from the bank
- 3) The micro-entrepreneur received R12 000 cash sales
- 4) The micro-entrepreneur paid cash amounting to R8 000 for expenses

Figure 2.5: Debit-Credit Method simulation

Assets = Liabilities + Owner's Equity

Assets		=	Liabilities		+	Owners' Capital		+	Revenues		-	Expenses	
Dr.	Cr.		Dr.	Cr.		Dr.	Cr.		Dr.	Cr.		Dr.	Cr.
25000	8000			10000			25000			12000			8000
10000													
12000													
39000				10000			25000			12000			8000

Figure 2.6: Increase-decrease Method simulation

Fund applications = Fund sources

Assets		+	Expenses		=	Liabilities		+	Owners' Capital		+	Revenues	
Inc	Dec		Inc	Dec		Inc	Dec		Inc	Dec		Inc	Dec
25000	8000		8000			10000			25000			12000	
10000													
12000													
39000			8000			10000			25000			12000	

Figure 2.7: Receipt-payment method simulation

Fund Balances = Fund Sources – Fund Applications

Assets			Liabilities			Owners' Capital		Revenues			Expenses		
Rec.	Pay	=	Rec.	Pay	+	Rec.	Pay	+	Rec.	Pay	-	Rec.	Pay
25000	8000		10000			25000			12000				8000
10000													
12000													
39000			10000			25000			12000				8000

Conclusion

In a nutshell, bookkeeping is a process of recording transactions using either single-entry or double-entry methods in an accounting equation format. Transactions recorded are classified under the elements of financial statements and recorded based on accounting concepts. Having clarified and explained what bookkeeping is, it is imperative to provide the theoretical framework as a rationale towards analysing bookkeeping competence within the retail micro-enterprises.

2.3 Theoretical framework

For better understanding of this study the following section covers the theoretical framework. Theoretical framework refers to the description of theories which support and explain why the research problem exists. Therefore, the following theories – Expectancy Theory, Systems Theory and Goal-Setting Theory – will be defined and discussed in relation to the research problem objectives.

2.3.1 Expectancy Theory

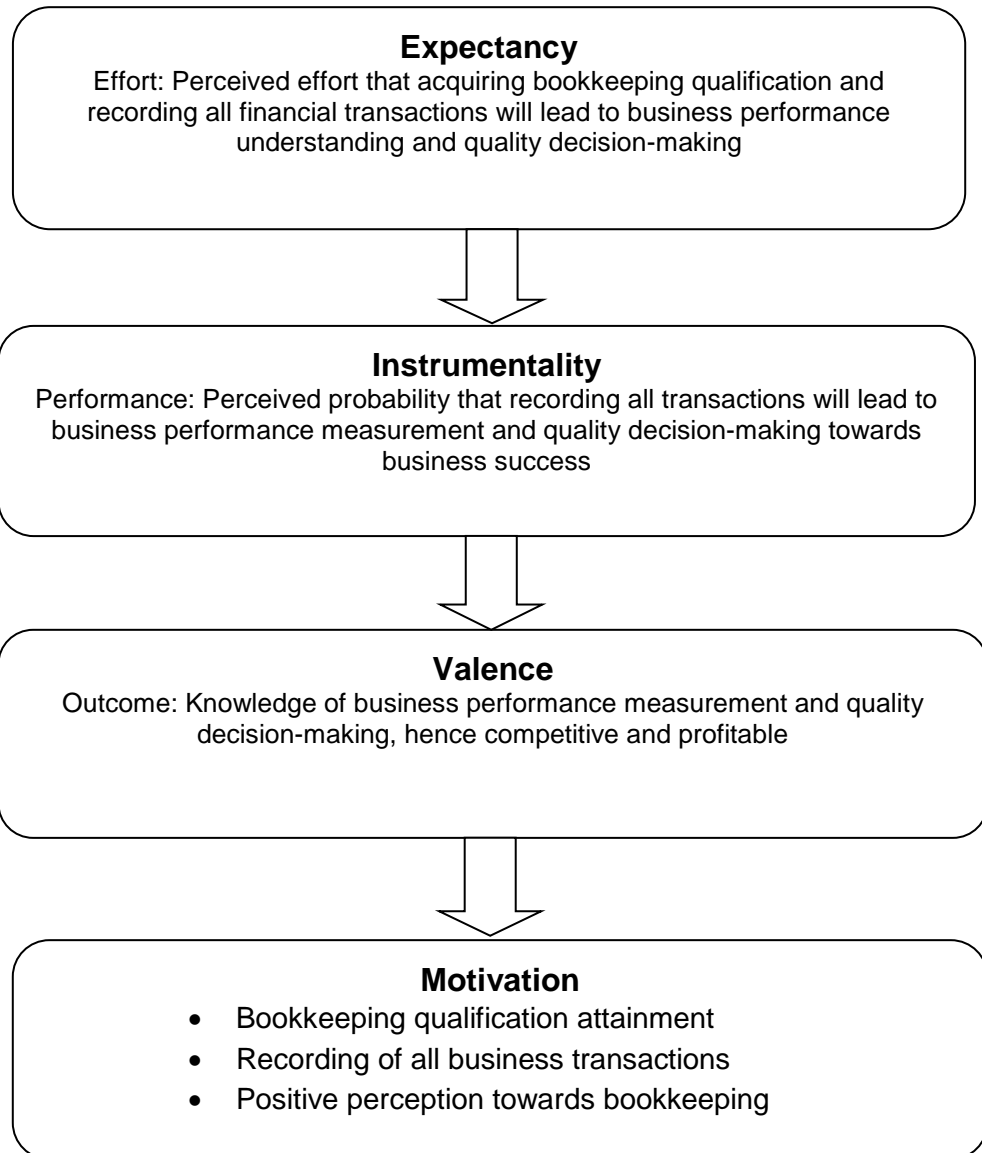
The Expectancy Theory refers to a set of decision theories of work motivation and performance based on valence, instrumentality and expectancy (VIE) model (Vroom, 1964). The Expectancy Theory states that the levels of effort of an individual to perform an act are a function of “the strength with which he/she expects certain outcomes to be obtained from the act, times the attractiveness of the expected outcomes” (Hackman & Porter, 1968:418). Similarly, Schmidt (1973:244) affirms that expectancy is a function of valence, performance-outcome instrumentality and effort-performance expectancy.

Furthermore, Schmidt (1973:243) defines valence as the perceived desirability of the potential rewards; performance-outcome instrumentality as the perceived correlation between performance and the achievement of job rewards; effort-performance expectancy as the perceived link between the level of effort expended and the level of resultant performance. Presumably the entrepreneur's willingness to acquire bookkeeping qualifications and execute bookkeeping skills will depend on how he/she perceives bookkeeping outcome and how attractive bookkeeping is towards business success.

Previous studies on the Expectancy Theory (Ferris, 1977; Katzell & Thompson, 1990, Rasch & Tosi, 1992; LaFleur, Arnold & Smith, 2013) indicate that insights on abilities and skills influence expectancy perceptions. Motivational effort exerted towards business success is dependent upon the entrepreneur's belief in his/her competencies and capabilities (Shaver, Gartner, Gatewood, Crosby & Bakalarova, 2001:9). Moreover, Gatewood, Powers, Shaver and Gartner (2002:202) state that an entrepreneur's willingness to perform certain tasks on business operations will be influenced by the expected outcomes. Similarly, Wigfield and Eccles (2000:69) collaborate with Shaver et al. (2000) and Gatewood et al. (2002) that the expectancy-value theory of achievement motivation influences performance, persistence, effort and the individual's goals.

Also, regarding the theory of planned behaviour, Ajzen (1991:181) maintains that an individual's willingness to try and perform certain behaviour is based on traits and personality. Ajzen (1991:182) indicates that behavioural achievements dually depend on motivation and ability; consequently bookkeeping competence will depend on the ability and motivation of the entrepreneur. "A person must believe that exerting a given amount of effort can result in the achievement of a particular level of performance" (Renko, Kroeck & Bullough, 2012:669). Therefore it is the researcher's opinion that the extent to which the entrepreneur acquires bookkeeping qualifications for competence and records, and perceives bookkeeping positively towards improving the enterprise's performance and success will be influenced by the expectancy of the individual's goals. The individual's goals will further determine effort, performance and valence towards accurate record-keeping within an entity. Hence the below presumed illustrative diagram (Figure 2.8) is based on the Expectancy Theory (Vroom 1964) followed by a discussion on the Systems Theory.

Figure 2.8: Expectancy theory in relation to micro-enterprises.



2.3.2 Systems Theory

The Systems Theory is an inter-disciplinary theory that attempts to explain the complex systems focusing on relations between parts found in science, society, nature and organisation (Chen & Stroup, 1993; Richardson & Midgley, 2007; Charlton & Andras, 2009; Brandell, 2010). Ansari (2004:3) defines the System Theory as “the trans-disciplinary study of the abstract organization of phenomena, independent of their substance, type or spatial or temporal scale of existence. It investigates both the principles common to all complex entities, and the models which can be used to describe them”. A system is a “bounded set of interrelated elements exhibiting coherent behaviour as a trait” (Constantine, 1986 cited by Muusha, 2012:27) or “an ensemble of interacting parts, the sum of which exhibits behaviour not localised in its constituent parts” (Chen & Stroup, 1993:448).

Lutz and Hedaa (2006:2) and Mele, Pels and Polese (2010:127) point out that the Systems Theory was introduced by Van Bertalanffy in 1950 and re-introduced to the organisational set-up in 1966 by Katz and Khan. The Systems Theory can be used to describe a group of things that function together to yield results from a single part of an entity to the entire organisation (Stichweh, 2008:8). Similarly, Mele et al.(2010:127) assert that the Systems Theory relates to an enterprise as an organism with interdependent parts with interrelated responsibilities working together to achieve a common goal. Therefore, bookkeeping forms part of a micro-enterprise affecting and/or interrelated to all the activities of the business.

The System Theory has been applied on several previous studies. Muusha (2012:10) applied the System Theory on the study of a family stating that families are systems of interconnected and interdependent individuals who can be understood as a system. While Patton and McMahon (2006:153) applied the Systems Theory as an overarching framework of career development and counselling within all career development concepts in the plethora of career theories. Howley and Chuang (2011:3) proposed the Systems Theory to evaluate accreditation, quality measurement and reporting systems within healthcare organisations as a determinant of influence on patient safety and quality of care. Diversely compared to the above authors, Richardson and Midgley (2007:163-164) used the Systems Theory to formulate a system thinking theory within a community. Consequently, the researcher’s utilisation of the Systems Theory within the accounting domain, particularly on bookkeeping as part of the system of the retail clothing micro-enterprise towards business success.

It is the researcher's opinion that bookkeeping cannot be undertaken in isolation from the entire retail clothing micro-enterprise but rather as part of the enterprise. The Systems Theory focuses on relations between the parts, and how they work together as a whole (Ansari, 2004:2). Bookkeeping focuses on recording monetary business transactions affecting a business as a whole. Bookkeeping execution as a part of the business operation system will be influenced by factors such as the competence, educational background, perception and deemed importance record-keeping by the person recording the transaction. As the Systems Theory has a functional orientation (Stichweh, 2008: 8), all functional activities of the retail clothing micro-enterprise will influence the outcome of the trial balance and the general set objectives of the company. Next, the Goal-Setting Theory is discussed in relation to record-keeping within retail clothing outlets.

2.3.3 Goal-Setting Theory

Locke and Latham (1990), cited by (Lunenborg, 2011:2), highlight that nearly 400 studies have been incorporated towards the Goal-Setting Theory. The Goal-Setting Theory (Marsden & Richardson, 1992:24) focuses on the importance of management setting achievable, acceptable, clear and measurable work goals. Locke and Latham (1990) concluded that specific difficult goals result to better performance compared to easy goals, and goal setting is effective when there is feedback reflecting progress towards the achievement of set goals (Consolvo, Klasnja, McDonald & Landay, 2009:2). The Goal-Setting Theory (Locke & Latham, 1984) proposes that assignment of specific goals does not solely result in improved performance but increased motivation and performance when an individual/s accepts set goals and the difficulty attached to those goals (Ambrose & Kulik, 1990:236; Atkinson & Shaw, 2006:175; Smith, 2006:265). It is on this basis that micro-entrepreneurs' willingness to accept the difficulty attached to acquiring bookkeeping skills and practising those skills towards the achievement of set goals within the retail clothing micro-enterprise would probably be a source of motivation for accurate record-keeping.

The Goal-Setting Theory has been applied in several studies. Brandstätter, Heimbeck, Malzacher and Frese, (2002) illustrate how the Goal-Setting Theory affected students' studies and retraining needs within the centre of continuing education domain. Consolvo et al. (2009) employed the Goal-Setting Theory in persuasive technologies to encourage physical activity. While Latham and Pinder (2004) explored the effects of goal setting at the workplace, focusing on how various goals affected the performance and motivation of the employees in doing their duties. Hence, the application of the Goal-Setting Theory in analysing micro-entrepreneurs' bookkeeping competence and practices within the retail

clothing industry. Micro-entrepreneurs' goals will determine individuals' willingness to acquire bookkeeping skills and practise those skills based how difficult those goals are and what progress record-keeping will bring to the retail clothing micro-enterprise.

Crawford (1983) states that the benefits of individual goal setting are as follows in Table 2.2:

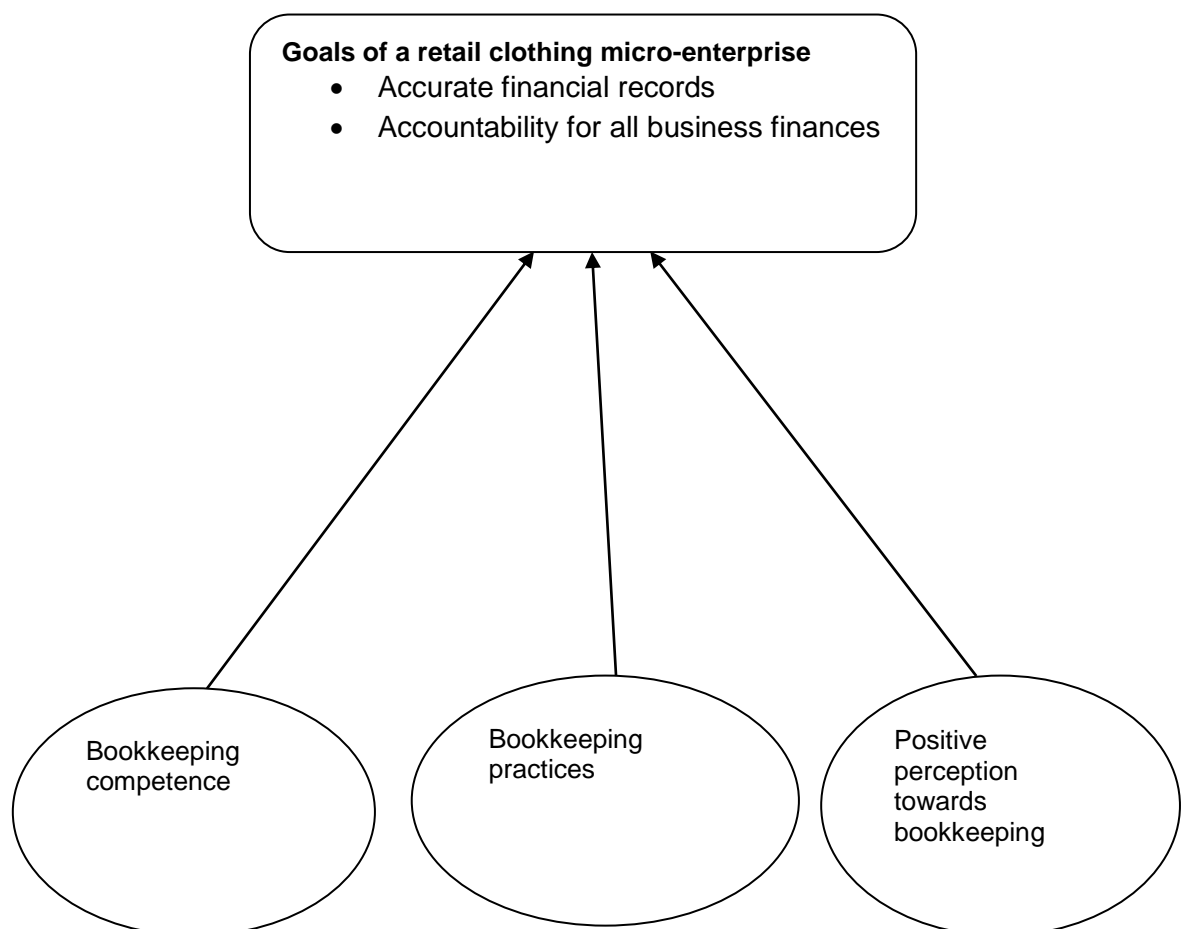
Table 2.2: Individual goal setting

Relating goal setting individual benefits to assumed retail clothing micro-enterprise benefits	
Crawford (1983)'s benefits of individual goal setting.	Researcher's opinion of benefits to the retail clothing micro-enterprise as a result of goal setting
Makes you aware of your weakness so you can improve them into strengths	Enables the micro-entrepreneur/bookkeeper to be aware of bookkeeping faults and improve them to strengths
Makes you responsible for your own success or failures	Makes the micro-entrepreneur to be responsible for any bookkeeping related success and failures
Define real life actions and separates it from just wishful thinking	Enables the micro-entrepreneur to measure the actual monetary inflows and outflows together with actual profit
Serve as a guide in decision making	Helps the micro-entrepreneur on budgeting and which stock to be bought based on recorded business transactions
Improve your self-image	Through accurate record-keeping with both previous and current financial statements, micro-entrepreneurs can measure progress and attract potential funding institutions which in future may improve the micro-entrepreneur's retail clothing enterprise. Investors can only invest in a growing business (Bankseta, 2011), by looking and comparing previous and current financial records
Forces you to set priorities	Enables the micro-entrepreneur to prioritise, for example buying more stock on clothes which move fast and less of those which move slow based on business records
Give you a path to follow, so you know where you are going	Accurate record-keeping providing both current and previous year financial record which acts as a roadmap of where the business is going and where it has been concurrently acting as a measurement of business growth
Help you visualise and plan actions to achieve	Current accurate records enable the micro-

	entrepreneur to visualise and plan actions to achieve in future
Give you a sense of past victories of goals accomplished and motivation to succeed in current goals	Previous records show previous profits made and motivates the micro-entrepreneur to aim to achieve better profits at present and future

In collaboration with Crawford (1983), it is the researchers' opinion that the highlighted benefits will apply to a retail clothing micro-enterprise as illustrated in the above table. Moreover, accurate financial records and ability to account for business finances can be achieved by setting goals to encourage competence in record-keeping and practising bookkeeping skills. For example, Figure 2.9 shows the presumed goals of a micro-enterprise business which are to achieve accurate financial statements and accountability; to achieve those goals the entrepreneur needs to have bookkeeping skills and practise bookkeeping coupled with a positive perception towards bookkeeping.

Figure 2.9: Goal-Setting Theory within the retail clothing micro-enterprise



The theoretical framework achieved the purpose of providing the motive behind the research objectives to analyse the bookkeeping skills which micro-entrepreneurs have, to evaluate whether bookkeeping skills are undertaken, and the factors which affect micro-entrepreneurs' perceptions towards bookkeeping.

2.4 Conclusion

This chapter discussed the conceptual framework and theoretical framework of the current study. The conceptual framework mainly defined study concepts and profiled the scope of the study commencing with the definition of a micro-entrepreneur and the geographical area where the research was done. Key boundaries of the study were discussed, that is: micro-entrepreneurs, the clothing industry and Cape Town. Next, elements of financial statements and accounting concepts were discussed to shed more light on underlying principles to be taken into consideration when recording business transactions. After that the theoretical framework provided motivational theories towards the achievement of the research goals through the Expectancy Theory, Systems Theory and Goal-Setting Theory. The researcher developed some diagrams illustrating and underlying the theoretical relationship between the research objectives and business objectives. Basically, the chapter achieved its purpose to underpin both the conceptual framework and the theoretical framework of the study.

CHAPTER THREE

LITERATURE REVIEW: CURRENT STUDIES

3.1 Introduction

The previous chapter clarified study terms in relation to micro-entrepreneurs' bookkeeping and briefly highlighted the boundaries of the study. Furthermore, the Expectancy Theory, Systems Theory and Goal-Setting Theory were discussed in relation to past studies as well as the current study. The intention of this chapter is to review literature on the bookkeeping competence of entrepreneurs within the clothing industry and their training implications. Firstly, the clothing industry is discussed together with its role in Cape Town. Next, literature on the importance of small business is reviewed followed by reviewing the training implications of micro-entrepreneurs. Small-business accounting records and the bookkeeping and accounting cycle follow in alignment with the study objectives.

3.2 Clothing Industry in South Africa

In 2005 the clothing sector accounted for sales of approximately R12.8 billion in South Africa (Müller-Debus, Thauer, & Boerzel, 2009:166). Natrass and Seekings (2012:10) indicate that the domestic retail clothing industry contributes between sixty and seventy percent of domestic sales. Nevertheless, the clothing industry has been facing challenges for the past decade with increased unemployment rate (Morris & Barnes, 2008:43; National Budget Speech: South Africa, 2011:34). The Department of Trade and Industry (South Africa, 2013) reports that the clothing industry is still faced with significant challenges such as skills and competitiveness deficits; and limited economies of scale. The researcher's attention was drawn to focus on the clothing retail industry due to the challenges confronted by this industry and its significant contribution to Gross Domestic Product (GDP).

The clothing and textile industry has been significantly affected by illicit activities resulting in significant job losses (National Budget Speech (South Africa, 2011:34)). Furthermore, the National Budget Speech (South Africa, 2011) indicates that illegal activities are more significant within the supply chain in the clothing and textile imports. Yet the National Budget Speech (South Africa, 2012:20) proclaims that customs officials continue to focus on undervalued imports particularly in the clothing industry to rectify problems confronted by the clothing industry. The South African Revenue Services confiscated 3.4 million articles of clothing valued at close to R580 million (National Budget Speech, 2012). Perhaps the abovementioned discrepancies were as a result of incompetent record-keeping.

Entrepreneurs emerge from all disciplines either with or without an accounting background (Harada, 2003:212). However, administration of financial resources within entrepreneurial enterprises is inevitable in all business spheres. Chimucheka (2012:3) points out that financial resources are needed for day-to-day operations of a business hence the need to ensure adequate capturing of all financial transactions. According to Tengeh, Ballard and Slabbert (2011:8) most immigrants who fail to get employment in South Africa resort to forming micro-enterprises in different sectors. Therefore there is a probability that the abovementioned entrepreneurs form part of the clothing retail industry, and possibly are without bookkeeping skills.

The South African president on the State of the Nation speech (South Africa, 2013) stated that the clothing and textiles industry has stabilised after 15 years of steadily falling employment and a clothing industry supporting scheme to provide financial support was established. On the State of the Nation speech in 2014 the president of South Africa stated that the clothing industry had stabilised and stopped shedding jobs (Republic of South Africa, 2013). Arguably, the researcher's opinion is that it is not a matter of stabilisation, rather a matter of business success which in turn will create more job opportunities and reclaim the number of previous lost jobs. This might be achieved dually by set government financial support schemes and proper bookkeeping skills to enhance transparency, which in turn may attract more investors, hence encourage business growth. The study to analyse the bookkeeping competence of micro-entrepreneurs in the retail clothing industry will be done in Cape Town in the Western Cape Province of South Africa.

3.3 The role of clothing industry in Cape Town

The Cape Town retail clothing micro-enterprises play a vital role in employment creation and accounts for a wide range of the local market's needs (Rogerson, 2001; Pirie, 2007). According to the City of Cape Town (2013) the majority of the city's economic activity is driven by small-, medium- and micro-enterprises (SMMEs) and approximately 10% of the gross geographic product (GGP) of the ten economic sectors is generated from the wholesale and retail clothing. Additionally, as Cape Town is a tourist city with thousands of visitors from different corners of the world who come to experience diverse attractions such as Table Mountain, Robben Island, Kirstenbosch Gardens, Victoria & Alfred Waterfront, the Company's Gardens etc, it is the researcher's opinion that the retail clothing industry does not only serve the local market but also the international market which is dually beneficial

both to the city and the country as a whole on gaining foreign currency and boosting Gross Domestic Product (GDP).

The clothing industry in Cape Town is the source of income to both locals and non-locals through either self-employment or being employed. Cape Town is ranked second after Johannesburg in the clothing and textile industry nationwide, contributing 19% output and 33% employment within the Western Cape Province (Wilkinson, 2000:200). Van der Westhuizen and Deedat (2003) state that workers in the clothing industry arrange employment for family members within the clothing sector in Cape Town. Furthermore, Van der Westhuizen and Deedat (2003) assert that if a single clothing enterprise closes it may cause a household to lose all its breadwinners.

Cape Town is a world-class city; it made a bid to host the 2004 Olympic Games (Wilkinson, 2000:197) and was one of the cities that hosted the 2010 World Cup. As a world-class city, Cape Town is characterised by a multiple distribution of people and products (Kong, 2007:384). Clothing manufacturers mainly rely on sales to larger retailers, small retail outlets and boutiques (Rogerson, 2001; Mhango & Niehm, 2005). The retail clothing enterprises facilitate in the distribution channel of clothing to locals and non-locals. On the other hand, the clothing market is volatile, complex and segmented, and characterised by four seasons (summer, autumn, winter and spring), fashion, design, demographics and income levels (Rogerson, 2001:54). Record-keeping maybe used as an indicator to match the volatile status on stock-buying decisions and selecting the most favourable wholesaler or manufacturer to purchase stock.

In wrapping up, the clothing industry plays a significant role both in Cape Town and nation-wide. The industry provides employment for both citizens and non-citizens, catering for customer's needs, promoting fashion and design, the distribution of products from wholesalers to customers and taxation payments. Evidently the clothing industry and small businesses in general play a vital role not only in Cape Town but also nation-wide in boosting the economy. Therefore, it is essential that micro-retail outlets maintain their bookkeeping records to have adequate knowledge on whether they are making a profit or not, and for decision making to enhance business success.

3.4 Importance of small businesses (Micro-enterprises)

The South African formal economy cannot fully provide employment to the entire nation's active population; therefore both formal and informal micro-enterprises are needed for supplementary employment. This is evident as the government and other non-governmental organisations (NGOs) continually strive to aid and promote small-business success within the South African economy (Swanepoel, Strydom & Nieuwenhuizen, 2010; Urban & Naidoo, 2012; Okurut & Ama, 2013). Also, there are business incubators tackling the skill and financially related challenges faced by small business (Adegbite, 2001; Ndabeni, 2008; Lesáková, 2012). "Promoting micro-and small businesses through entrepreneurship programmes are increasingly seen as a means of generating meaningful and sustainable employment opportunities" (Mugobo & Ukpere, 2012:829). Failure to create supplementary employment through small businesses puts the South African economy at risks associated with an increase in crime rate, economic deterioration and poverty (Adebowale, 2011). Of particular interest to the researcher was analysing bookkeeping competence within the clothing industry's small businesses. It is anticipated that the findings of this study would provide information on bookkeeping competence to government and business incubators, particularly for training purposes in pursuit of small-business success.

Micro-enterprises contribute towards domestic growth, job creation and general welfare which in turn promote South Africa's economic growth (National Small Business Amendment Act No. 29 of 2004 South Africa; National Budget Speech South Africa, 2011; Dietrich & Krafft, 2012; Haltiwanger, Jarmin & Miranda, 2013). SMEs contribute approximately 50% of the South African Gross Domestic Product (GDP) and provide an estimated 60% of employment in the labour market (Zacharakis, Neck, Hygrave & Cox, 2002; Chodokufa, 2009; Services Sector Education and Training Authority (SSETA), 2013; Lahm, 2014). In agreement with the above authors, Abor and Quartey (2010:218) state that in South Africa, approximately 91% of formal businesses are small and medium enterprises accounting for about 61% employment provision and between 52% to 57% of the Gross Domestic Product.

Previous studies in different geographical areas show that SMEs are beneficial in numerous ways and are therefore the engine for social and economic development worldwide (Thurik, 2007:16). Henderson (2002: 62), on the study which focused on building the rural economy in the United States of America, concludes that entrepreneurs provide jobs, create wealth, raise incomes, and improve the quality of life. Kalitanyi and Visser (2010:387) on their study on immigrant entrepreneurs, found that immigrant entrepreneurs start small business for survival and approximately 82% provide jobs for unemployed South Africans. Similarly,

Okurut & Ama (2013:306) undertook a study in Botswana and found that micro-enterprises provide employment opportunities, improve household income and business owner self-dependence. Small-business owners in Turkey benefit from their enterprises through increased income, job security and independence. However, small businesses have a common problem which is the inability to maintain proper records which puts them at the risk of business failure (Benzing, Chu & Kara, 2009:58).

Self-employment is identified as one the benefits of micro-enterprises for business owners who were previously unemployed (Millán, Congregado & Roman, 2010). Eradication of poverty can be tackled through self-employment creation of individuals who receive micro-finances to start-up micro-enterprises (Shastri, 2009:140). Nwigwe, Omonona and Okoruwa, (2012:39) agree that micro-finance provides self-employment opportunities, but it is an unsustainable means of unemployment alleviation as the majority mismanage the finances, hence doubtful in eradication of poverty. Millán et al. (2010:232) argue that even though business owners start small business for sustainability, if they do not have skills when economic conditions change these individuals may close down the business and return to unemployment. In South Africa, self-employment is promoted through the Skills Development Act (Act No. 97 of 1998) which recognizes the need to enhance entrepreneurs' skills (Barreira, 2004; Clover & Darroch, 2005). Evidently skills are needed for small business sustainability.

Logan (2009:342) highlights that micro-entrepreneurs, especially dyslexic business owners, prefer to delegate because of their dyslexia condition, hence growing their business faster than non-dyslexic business owners. Also, small businesses support big enterprises in both the distribution of finished products and in the supply of raw materials, finished parts and components. If small enterprises are given support to build their skills and knowledge levels, they become tomorrow's big business and probably multi-national enterprises (Chakrabarty, 2011:12). Micro-enterprises growth and international trade involvement boost the South African economy through foreign supplies and access to foreign currency.

Despite the significant role played by micro-enterprises, small businesses are still overwhelmed by high failure rates and poor performance levels, partly as a result of insufficient funds and lack of management skills (Jocumsen 2004; Fatoki & Garwe, 2010). Out of 87 nations surveyed, Djankov and Ramalho (2009:10) found that South Africa is one of the nations with the highest unemployment rate of approximately 28%. The South African

Government intends to prioritise rectifying the financial challenges faced by SMEs and expand on education to enhance skills development as a key long-term priority for entrepreneurial success (National Budget Speech South Africa, 2012:31). Devins, Gold, Johnson and Holden (2005:542) highlight that micro-enterprise owners and managers are entirely responsible for finances and related duties, hence educating them in developing their financial skills will promote success and competitiveness.

According to Okurut and Ama (2013:311) entrepreneurial education refers not only to formal education and training but also to practical experience from previous employment. Education and experience have positive effects on the probability of engagement and success in entrepreneurship. Gabe, Abel, Rose and Stolarick (2012:13) suggest that educated entrepreneurs are associated with higher productivity levels in their businesses. Fatoki and Garwe (2010:737) recommend that consultants and entrepreneurial trainers should be well trained, educated and knowledgeable in particular areas of expertise such as accounting, logistics or human resources. This is important as the results generated by Swanepoel et al. (2010:73) imply that there is a need for further SME entrepreneur training on managing their finances and generic business management.

In a nutshell, small businesses are beneficial in terms of generic employment, self-employment, economic development, taxation, income generation and the general welfare of the citizens within the South African economy. Additionally, small businesses support bigger companies in distributing finished products within the supply chain. Some of the small businesses do not forever stay small but become big companies, providing jobs to numerous people, accounting for a significant amount of taxation, exporting their products which bring foreign currency, and creating good relations with other countries through international trade. SMEs' development and sustainability are, however, constrained by inadequate managerial skills, training and financial support (Abor & Quartey, 2010:225). Therefore it has become imperative to analyse entrepreneurial skills on the management of finances and find out what the educational and training implications are to enhance bookkeeping competence.

3.5 Small business entrepreneur's training and skill needs

Knowledge and skills are brought by education and training respectively to promote competence (International Labour Office, 2010). Pasanen and Laukkanen (2006) note that to operate effectively and successfully, entrepreneurs should be knowledgeable and have managerial skills. Moreover, Pasanen and Laukkanen (2006) identify the following

managerial skills: marketing, accounting and finance, laws and regulations. Similarly, Mitchelmore and Rowley (2013:135) broadly identify the following competencies: personal relationships, business management, entrepreneurial and human relations. Mitchelmore and Rowley (2013) claim that the abovementioned competencies can be achieved through education and the entrepreneurs' characteristics such as specific skills, motives, social roles, traits and knowledge. In support, Bird (1995) acknowledges that entrepreneurial competencies result in business creation, endurance and growth. Therefore the researcher strongly believes that bookkeeping competence as a specific skill is required for a business to survive and grow.

Von Graevenitz, Harhoff and Weber (2010:103) argue that entrepreneurship education has been promoted in many institutions; however little is known about the effect of their courses. Management of finances is one of the courses emphasised on entrepreneurship education (Oosterbeek, Van Praag & Ijsselstein, 2010; Drexler, Fischer & Schoar, 2012; Mitchelmore & Rowley, 2013). Further, Oosterbeek et al. (2010:452) emphasize that the major aim of entrepreneurship education is for competence purposes in operating a business. Therefore an evaluation of the management of finances within micro-enterprises is essential to determine bookkeeping practices and their effect.

Martins (2005:54) states that most entrepreneurial training is undertaken on the job, which is questionable in relevance to the quality of the training and National Qualification Framework alignment. Tecle and Schroem (2006) identify the following problems associated with on-the-job training: firstly, most of the training is generic in character and does not take into account the various needs of small-business development at different stages, hence it is ineffective to the specific challenges faced by entrepreneurs; secondly, numerous trainers tend to be more corporate-oriented than small business-oriented, training on material aimed specifically for small business; thirdly, most trainers are not properly accredited, therefore they fail to effectively present the courses; and fourthly, small-business owners fail to appreciate the benefits of training and link training to business improvement. Rogerson (2008:77) confirms that there are training gaps of entrepreneurs in South Africa. Therefore an analysis of bookkeeping competence aims to identify whether bookkeeping skills form part of training gaps and discrepancies within the retail clothing industry in Cape Town.

There is a relationship between skills acquired by entrepreneurs and their performance, barriers and motivation (Huang, Mas-Tur & Yu, 2012:493). Lack of education and business

managerial skills determines entrepreneurial performance, attitude and motivation (Huang, Mas-Tur & Yu, 2012:493). Entrepreneurs should be educated on bookkeeping (Rajaram & O'Neill, 2009:115) and gain business managerial-skills such as managing finance and budgeting (Mitchelmore & Rowley, 2013:136). It can therefore be deduced that micro-entrepreneurs' perception towards bookkeeping and bookkeeping practices will be determined by the entrepreneur's educational background. Also, Makhbul and Hasun (2011:116) pinpoint a positive relationship between entrepreneurial training and entrepreneurial success, yet indicate that the business owner's ability to seize information is the backbone of business success. Similarly, the researcher presumed that information can be seized through record-keeping.

Based on women entrepreneurs, Davis (2012:19) and Huang et al. (2012:494) note that educated entrepreneurs who have received training make quality decisions and operate their businesses effectively and efficiently. Business performance is affected by entrepreneurs' level of education and managerial skills through previous knowledge and alertness (Sambasivan, Abdul & Yusop, 2009:804). Findings generated by Southiseng and Walsh (2010:69) indicate that entrepreneurial training should be continuous so as to maintain sustainable ventures. Tecele and Schroem (2006) suggest that training should be directed to set business goals and the acquisition of skills channelled to the rectification of skill deficiencies. On the same basis, the researcher analyses the possible bookkeeping training needs and skill deficiencies within small clothing outlets so as to boost quality decisions and promote efficient business operations.

Findings from Preisendörfer and Bitz (2012:11) suggest that a lack of business skills significantly contributes to a low rate of business success. Baron and Markman (2003:13) point out that entrepreneur's skills have a direct impact on financial outcomes. Based on the concept of skills that connects knowledge and ability to use that knowledge, Kutzhanova, Lyons and Lichtenstein (2009:194) affirm that entrepreneurs should utilise specific skills and abilities relevant to their enterprises towards success. Skill utilisation within an enterprise promotes higher productivity (Evans-Klock, 2013:3). Farrington, Venter, Schrage and Van der Meer (2012:13) point out that business skills and financial proficiency are associated with successful business owners. Yet, Mugobo and Ukpere (2012:832) emphasise that the eradication of skill shortages is one of the ways to tackle the major challenges faced by entrepreneurs towards business success.

In general, entrepreneurs need to be knowledgeable about numerous skills to ensure business success (Lazear, 2004:208). Astebro and Thompson (2011:638) agree with Lazear (2004:208) that entrepreneurs should be a “jack of all trades” which means they should be knowledgeable on numerous business aspects (System theory). Findings from Stuetzer, Obschonka and Schmitt-Rodermund (2013: 107) reflect a positive relationship between a balanced set of skills and business success. These skills include but are not limited to bookkeeping skills, social skills, marketing skills, human resources skills and legal skills (Baron & Markman, 2003; Pasanen & Laukkanen, 2006; Rajaram & O’Neill, 2009; Southiseng & Walsh, 2010; Astebro & Thompson, 2011; Barte, 2012). Also Bublitz and Noseleit (2011: 30) suggest that entrepreneurs should have a balanced set of skills. The question is: are micro-entrepreneurs in Cape Town within the clothing retail industry have bookkeeping skills as part of the balanced set skills?

Entrepreneurs’ attitude, actions and beliefs should be understood based their business experiences (Politis & Gabrielsson, 2009:376). A set of complex beliefs, attitudes, qualities and skills underlie all working areas of an entrepreneur’s life (Bridgstock, 2012:133). Questionably, are micro-entrepreneurs in Cape Town within the clothing retail industry having positive beliefs, attitudes and perceptions towards bookkeeping, and are they practising bookkeeping within their businesses?

Colombo and Grilli (2009:237), on the study based on human capital and venture capital, have concluded that the key driver of business growth and success is the entrepreneurs’ skills. Dimov (2010:1144) articulates that human capital plays different roles within entrepreneurial activities as the focus is on skills, knowledge and experience acquired to the value of an enterprise. Therefore, bookkeeping skill and the knowledge to undertake bookkeeping tasks is valuable to an enterprise and forms part of the key drivers towards business growth.

On the other hand, Logan (2009) conducted a study on dyslexic and non-dyslexic entrepreneurs and argues that human capital is only useful to non-dyslexic entrepreneurs as they are capable of utilising their skills and applying knowledge towards business success. However, dyslexic entrepreneurs are incapable of utilising their skills as they have a dyslexia condition referring to an inability to learn to read, difficulty with an enterprise and working memory (Parker, 1998; Logan, 2009). Findings from Logan (2009:333) suggest that dyslexic individuals are more entrepreneurial compared to non-dyslexic individuals, which implies that

probably there are more dyslexic entrepreneurs, hence a need to situate whether micro-entrepreneurs are capable of record-keeping or not. Findings from Maseko and Manyani (2011:179) reveal that more than 60% of SME entrepreneurs in Zimbabwe lack accounting skills; probably Capetonian entrepreneurs also lack accounting skills.

3.6 Importance of accounting (Bookkeeping) competence in small businesses

Bookkeeping helps in formulating financial information which can be used to calculate business profits, measure business financial performance, formulate business plans, prepare presentations for potential investors, apply for loans and make stock purchasing decisions (Bruwer & Watkins, 2010; Benedict, 2012; Cadden & Schneider, 2014). Mbroh and Attom, (2011:38) declare that inventory records should be maintained at all times as stock is the major component of an enterprise's working capital and to avoid any losses associated with stock-keeping.

The main aim of a business operation is to make a profit (Expectancy Theory and Goal-Setting Theory) and profit calculation can be done through the double-entry bookkeeping method (Fischer 2000; Benedict, 2012). Double-entry bookkeeping is beneficial when accurately calculating profit because of its ability to detect errors (Arya, Fellingham, Schroeder & Young, 1996:1). When utilising double-entry bookkeeping and the trial balance does not balance, then at least one mistake has been made (Arya et al., 1996:1). Gatewood, Powers, Shaver and Gartner (2002) assert that entrepreneurs start businesses motivated by the profit attached to the business operation. On the same basis, Rajaram and O'Neil (2009) note that bookkeeping enables entrepreneurs to determine whether they are making a profit or a loss. Maseko and Manyani (2011:180) point out that "cash should not be mistaken for profit as a business may have huge cash balances but having its asset base or productive capacity depleted by losses." Hence the significance of analysing bookkeeping competence to determine profit, detect errors/mistakes, and financial business performance.

Although double-entry bookkeeping can be used to calculate profit (Fischer 2000:1), Maseko and Manyani (2011:179) argue that small-business owners prefer single-entry bookkeeping, which is cash-based accounting. Single-entry bookkeeping is simple compared to double-entry bookkeeping (Pinson, 2007; Maseko & Manyani, 2011). Similarly, Cadden and Schneider (2014:6) affirm that double-entry bookkeeping and T-accounts accounting systems are taught at school; however few businesses at this day and age keep their records in this accounting format. Double-entry bookkeeping is based on accruals accounting, which captures all records as they occur regardless of whether money is received or not (Rajaram

& O'Neil, 2009; Maseko & Manyani, 2011; Benedict, 2012). Arguably, Benedict (2012:85) proposes that micro-entrepreneurs should utilise accruals accounting because failing to record transactions based on accruals accounting may result in failing to track upcoming payments from debtors.

Business financial records enable entrepreneurs to formulate business plans, prepare presentations for potential investors and apply for loans (Cadden & Schneider, 2014:6). Efficient Small- and Micro-Enterprises Owners (SMEOs) rely on past and current financial information to predict the business future (Mbroh & Attom, 2011:35). Proper bookkeeping is fundamental to achieve SMEOs operational efficiency (Mbroh & Attom, 2011:35). Business owners should have a bigger picture on how the financial records impact the sustainability of the enterprise (Bruwer & Watkins, 2010: 3554). Furthermore, Bruwer & Watkins (2010: 3554) state that trial balance is one of the financial statements which the business should always have on a monthly basis as an indicator of whether the business is failing or sustainable. Application of accounting principles and financial business information is useful in valuing an enterprises' worth (Penman 2009:365).

Being knowledgeable about accounting principles enables entrepreneurs to know when the enterprise is at risk and the potential necessity to hire an accounting expert (Cadden & Schneider, 2014:5). Findings from Mbroh and Attom (2011:39) reveal that the majority of small-business owners seek external bookkeeping assistance. Basic accounting principles are not enough for entrepreneurs; matching principles and understanding other accounting principles is essential to understanding the big view of the business financials (Cadden & Schneider, 2014:4). Mbroh and Attom (2011:29) propose that for a business to survive, thorough bookkeeping and application of accounting principles are a necessity. Retail SMMEs should understand that income is generated from assets, and expenses emanate from liabilities; however many small businesses end up with more assets, such as equipment and/or cars on credit, generating more expenses than the actual income the venture generates (Gerber, 2009; Bruwer & Watkins, 2010; Abanis, Arthur, Byamukama, Burani, Ibrahim & Novembrieta, 2013).

In addition, Maseko and Manyani (2011:179) argue that in some cases micro-enterprise owners maintain records but fail to prepare financial records as a result of insufficient accounting skills. In the same notion, Bruwer and Watkins (2010:3555) state that SMMEs have challenges in interpreting and analysing financial records and it is perceived that a lack of financial accounting education is the main cause of these challenges. Mbroh and Attom

(2011:35) acknowledge that a pertinent academic and accounting background is essential as it influences business success. Kiyosaki (2009) emphasizes that entrepreneurs should be financially literate. Financial literacy enables entrepreneurs to maintain proper records and complete records which can be used to interpret the health of the business and ease cash-flow problems (Kiyosaki & Lechter, 2003; Kiyosaki, 2009). Additionally, IFRS (2013) states that a comprehensive knowledge of financial-statement preparation is required so as to avoid making distorted conclusions with regard to business financial performance to make future plans.

Small-business owners need to be capable of planning their business activities, budgeting and managing their finances, and these can be done based on financial business records (Oosterbeek et al., 2010; Kirsten & Fourie, 2012). Financial business records are also used to measure business performance (Maseko & Manyani, 2011). However, Benzing et al. (2009: 76) conducted a study on Turkish entrepreneurs and found that small businesses' inability to maintain accurate records is one of the major problems in using financial records as a planning tool and measuring business performance. Similarly, Maseko and Manyani (2011:171) claim that the majority of small businesses in Zimbabwe keep incomplete accounting records and, as a result, fail to measure business performance. Probably, Capetonian entrepreneurs have the same downfall. Benzing et al. (2009:86) and Maseko and Manyani (2011:179) suggest that business owners should be trained particularly in accounting, and national regulators should develop accounting guidelines and programmes specifically for small businesses.

Arguably, IFRS (2013) contends that international financial reporting standards for SMEs act as an accounting guideline for small businesses by providing a simplified set of standards that lessens the burden of recording and preparing financial statements in accordance with the 'full international financial reporting standards'. However, micro-entrepreneurs are not obliged to follow generally accepted accounting principles and international financial reporting standard guidelines (Service, 2011; IFRS, 2013). Corporate Law Amendment Act No.24 of 2006 (South Africa:2006) approved by the Accounting Practices Board (APB) which deals with financial statements, states that small- and medium-sized enterprises without public accountability and do not publish financial statements for external users are not obliged to fulfil generally accepted accounting principles and international financial reporting standards. Generally Accepted Accounting Principles (GAAP: 2013) propose that micro-entrepreneurs and partnerships can only comply with their principles of recording transactions and reporting specifically to produce financial statements to be used to obtain funding from third-parties.

Financial records complying with international financial reporting standard guidelines should be available for investors to know the financial performance, owners of the enterprise to estimate the possible returns, and funding institutions to know the business financial condition (Maseko & Manyani, 2011; IFRS, 2013). Previous studies have shown that one of the major problems faced by small businesses is a lack of accessible funds as potential funding entities require previous and current financial records of a business to make a decision on whether to assist the business financially or not (Benzing et al., 2009; Rajaram & O'Neil, 2009; Maseko & Manyani, 2011; Mugobo & Ukpere, 2012). Therefore the consistency principle, materiality principle and the full disclosure principle, which allows the same recording method to be used from period to period, are encouraged to be applied by micro-entrepreneurs. This is important as it increases the chances of micro-enterprises accessing funds from potential financial institutions (GAAP, 2013).

In Ghana, Mbroh and Attom (2011:28) state that the majority of Small- and Micro-Enterprise Owners (SMEOs) do not practise basic record-keeping. As a result, many SMEs are confronted with numerous generic inefficiencies and business-failure threats (Mbroh and Attom, 2011:39). Accounting and bookkeeping incompetence has dire consequences to business success. Recent studies have shown poor management of finances as the major cause of small-business failure (Benzing et al., 2009; Fatoki & Garwe, 2010; Fischer & Schoar, 2012; Mitchelmore & Rowley, 2013). Bookkeeping incompetence does not only affect small businesses negatively but also big businesses. For example, one of the causes of the collapse of One Tel, a multi-million dollar telecommunication business in Australia, was as a result of poor internal control and discrepancies in bookkeeping (Monem, 2011, 349).

Briefly, bookkeeping helps in the following aspects: knowledge of available stock to make buying decisions, profit calculation, generic business performance and financial business performance, and the prediction of future business performance. Further, financial information emanating from record-keeping enables entrepreneurs to dictate whether the business is at risk or not. Bookkeeping illiteracy and failure to practise bookkeeping is associated with business failure, the inability to interpret financial information and generic business inefficiencies. Next, small business accounting records are discussed.

3.7 Small Business accounting records

According to Pinson (2007:13) the following transactions will be recorded by small businesses, namely:

- Debtors/accounts receivable
- Creditors/accounts payable
- Revenue and expense journal
- Invoices and sales receipt
- Cash in the bank
- Payroll records/salaries and wages
- Petty cash record
- Inventory record
- Business checkbook.

Additionally, SARS (2013) indicates that small businesses need to understand and record tax transactions to comply with taxation requirements. The abovementioned records will not solely be recorded; however they will be grouped according to the elements of financial statements.

3.7.1 Debtors / Accounts receivable (Assets)

Debtors are customers who owe the business money and have been billed for goods sold or services rendered to be paid at a later date (Bradshaw & Brooks, 1996; Kimmel, Weygandt & Kieso, 2008; Australian Taxation Office, n.d.). The accounts receivable records all credit sales, hence enabling the micro-enterprise to keep track of its customers and amounts owed by debtors (Australian Taxation Office, n.d.). This account will be applicable to micro-retail clothing enterprises which sell goods or render services on credit and are essential to avoid non-payment through keeping track of debtors (Benedict, 2012:48).

3.7.2 Creditors/Accounts payable (Liability)

Creditors are suppliers who have provided goods or rendered services to the business to be paid at a later date (Pinson, 2007; Australian Taxation Office, n.d.) and the time-lag before payment is usually between one and two months (Bradshaw & Brooks, 1996:155). The business has an obligation to pay for the goods purchased on credit (Kimmel, Weygandt & Kieso, 2008:11). The accounts payables capture all credit purchases and enable the business to keep track of clients owed (Australian Taxation Office, n.d.). By keeping track of clients owed, micro-entrepreneurs are able to settle debts in time and/or communicate with suppliers in case of insufficient funds to settle debts, hence maintaining good relations. Also,

accounts payable records acts as a reminder to the business owners to settle the accounts on time, hence maintaining good credit record.

3.7.3 Sales/Revenue (income)

Sales records capture all the sales of goods and services rendered, resulting in an increase in either cash or debtors (Kimmel, Weygandt & Kieso, 2008:11). Debtors are invoiced through a process of billing a customer for goods or services that are provided due to be paid until a future date, while cash sales are transactions which are paid for with cash or credit cards at the point of sale (Pinson 2007:20-21; Bradshaw & Brooks, 1996:405). Moreover, Kimmel et al. (2008:243) note that an enterprise keeps a sales invoice which is a supporting document for credit sales. Benedict (2012:48), citing Christie, Brozovsky and Hicks (2010:4), declares that sales results to profits which are the main motive for doing business, hence they probably are the most important record of an enterprise.

3.7.4 Cash account and bank account (Asset)

A physical business checkbook register is used to capture cash records for manual bookkeeping, while accounting software is used to capture cash in the bank (Pinson, 2007:13). Moreover, Pinson (2007:21) states that the bank account will either be debited (increased) if an inflow cash transaction is made and credited (decreased) when an outflow cash transaction takes place. Cash records are the most important transactions of an enterprise as they aid in both the short-term and long-term decision-making of business activities (Kimmel et al., 2008:10).

3.7.5 Purchases

Purchase account shows all purchases of goods, and the purchases are recorded when the business receives the goods from the seller (Pinson, 2007; Needles, Powers & Crosson, 2012; Osuala & Adukwu, 2014). Purchases are made either on a cash basis or electronically at the time of purchase or on a credit basis to settle the account at a later date (Bradshaw & Brooks, 1996; Flynn & Koornhof, 2005; Kimmel et al., 2008; Chauhan, 2013). A purchase invoice is provided by the supplier to the business as a supporting document for each credit purchase (Kimmel et al., 2008:221).

3.7.6 Payroll records/ Salaries and wages (Expense)

Payroll records include both salaries and wages, of which salaries are based on monthly or yearly-basis monetary rewards, while wages are monetary rewards based on hourly rates usually paid on a weekly basis (Kimmel et al., 2008; Bradshaw & Brooks, 1996). A micro-enterprise's payroll will comprise both the owner of the business' monetary reward together with the salaries/wages of employees (Benedict, 2012:49).

3.7.7 Petty cash (Asset)

Petty cash is used to pay small amounts of day-to-day micro-enterprise purchases (Kimmel et al., 2008:327). Petty cash purchases may account for a huge amount of money by the end of a year. Therefore it is essential to keep proper records, such as receipts, of all petty expenditures which will enable the bookkeeper to categorise those expenses at the end of the period (Pinson, 2007:30).

3.7.8 Inventory/stock (Asset)

Inventories are goods available for future sales to customers (Kimmel et al., 2008:11). Inventory records serve to keep track of stock available at hand and enable the micro-entrepreneur to determine which type of clothing moves fast and the stock of clothes which moves slowly (Benedict, 2012:105). Therefore, proactive inventory records play an essential role in managing the finances of a business (Kirsten & Fourie, 2012:460).

3.7.9 Taxation compliance for small businesses

Burman (2008:3) points out that "South African residents must pay tax on their wide income whereas non-residents are only liable for income tax on income from or deemed to be from a South African source." Maseko and Manyani, (2011:180) say that SMEs are compelled to calculate tax from their profits. According to Amsa (2013) information, most South African retailers are not registered with the South African Revenue Service and fail to comply with SARS legal requirements. Entrepreneurs must register for taxation and understand the characteristics of all types of taxation as non-compliance with taxation can be catastrophic (Cadden & Schneider, 2014:6). For SMEs, taxation can be imposed either on the enterprise as a separate entity from the owner, or imposed on the owner's income from business returns. SARS (2014) affirms that both natural persons (individuals) as well as legal or juristic persons (e.g. companies, close corporations and trusts) are liable for income tax.

Micro-enterprises owned by a sole trader or under partnership are not separate from their owners (business entity concept) therefore there is no separate taxpayer (Venter, Stiglingh, Koekemoer, Stedall & Mostert, 2014:145). The profit from the enterprise is added together with other sources of income to calculate taxable income (Venter et al., 2014:145). Burman (2008) affirms that such owners of micro-enterprises will be taxed at an individual level; that is the overall profit gained from the business will be taxed on the basis of income tax. On the other hand, for micro-enterprises owned under close corporation, company and trusts, there is a separate legal entity between the juristic person and the natural person, therefore a separate taxpayer (Venter et al., 2014:145-146). The business is taxed on business returns while the business owners are taxed on their wide income separately from the business gross income. SARS (2014) affirm that companies, close corporations and trusts will be taxed in their own capacity, whilst income from sole proprietorships/trader and partnerships will be taxed in the hands of the individual owners.

South African Revenue Authority Services (2014) state that for small-business corporation (SBC) the “Gross Income” threshold, which is one of the various qualifying requirements for a Small Business Corporation (SBC), has been amended. If an SBC’s financial year-end is prior to 1 April 2013, the Gross Income threshold is R14 million. This threshold has been amended to R20 million for SBCs with financial years ending during the period 1 April 2013 and 31 March 2014.” Tax threshold refers to the lower limit at which the business’s gross income/returns start being taxable. It is therefore important for micro-entrepreneurs to execute bookkeeping duties competently so that it becomes possible to calculate taxable income based on the type of the business and the current tax threshold. Failure to keep records will mean that micro-entrepreneurs will not be able to provide evidence on their taxable income/returns.

Additional to tax threshold, a micro-enterprise’s gross income can be tax exempted from certain income. Tax exemption refers to the provisions made for certain income to be deducted from a taxpayer’s gross income (Venter et al., 2014:159). This is the income which is free from the normal tax (Venter et al., 2014:159). According to Venter et al. (2014:160) and SARS (2014) the following incomes are exempted with terms and conditions applicable: interest, dividends, royalties and government grants. Therefore it is important that when micro-enterprises calculate taxable income, they ensure that exempt income is subtracted from the gross income to determine the actual taxable income. This is beneficial to the business as it results in less business income taxed. However, to achieve this objective, the micro-entrepreneur has to be competent in record-keeping and tax calculation.

According to Burman (2008:47) micro-entrepreneurs are allowed to deduct vehicle expenses such as fuel, maintenance, licence, insurance, finance charges, wear and tear, lease payments, and parking expenses. Tax deductions refer to various types of expenses incurred by the taxpayer which are removed from gross income (Burman, 2008; Venter et al., 2014; SARS, 2014). Tax deductions are subtracted from taxable income and thus reduce the total tax-expense liability (Burman, 2008; Venter et al., 2014; SARS, 2014). Micro-entrepreneurs taxed at an individual level also benefit from tax rebates. Tax rebate refers to refunds on taxes when the tax liability is less than the taxes paid (Burman, 2008; Venter et al., 2014; SARS, 2014). In 2012 and 2013 there was consecutive tax relief in South Africa for small businesses, which implies that knowledge of such tax relief and calculation records is beneficial to reduced taxation settlements (National Budget Speech, 2012:12; National Budget Speech, 2013:22). It is important that micro-entrepreneurs should be knowledgeable about these expenses and be competent enough in calculating the deductions; hence less tax burden which positively improves the financial position of the micro-enterprise.

For example, a micro-entrepreneur has two employees. If the micro-entrepreneur is responsible for bookkeeping he/she would be required to calculate the due tax for both his/her employees and his/her salary. Assuming that the micro-entrepreneur is 66 years old and pays himself R10 000 a month and pays the two employees R4500; each is 25 years of age. The micro-entrepreneur should be able to calculate the taxable income as illustrated below in Table 3.1 using the 2013/2014 income tax tables for individuals.

Table 3.1: Taxable income

Employee	Age	Monthly salary	Annual equivalent	Calculation	Tax payable p.a.	Tax payable p.m.
Owner-Manager	66	R10 000	R120 000	(18% of 120 000) – R11 440	R10 160	R847
Employee 1	25	R4 500	R54 000	(18% of 54 000) – R11 440	Nil -R1720	Nil -R143
Employee 1	25	R4 500	R54 000	(18% of 54 000) – R11 440	Nil -R1720	Nil -R143

The two employees will not be liable for tax payment after deducting the rebate amounting to R11 440, while the owner will be liable for a total of R10 160 per year. The micro-

entrepreneur can either pay the overall amount at the end of the year or pay the liability based on Pay As You Earn (PAYE) at a rate of R847 a month.

The general recorded transaction identified above can be either recorded manual or electronic to complete the bookkeeping cycle. Nonetheless, regarding the recording method, one has to understand bookkeeping principles (Pinson 2007:15). Additionally, knowledge of the accounting software used for recording transactions on applying bookkeeping principles and taxation calculation is also essential.

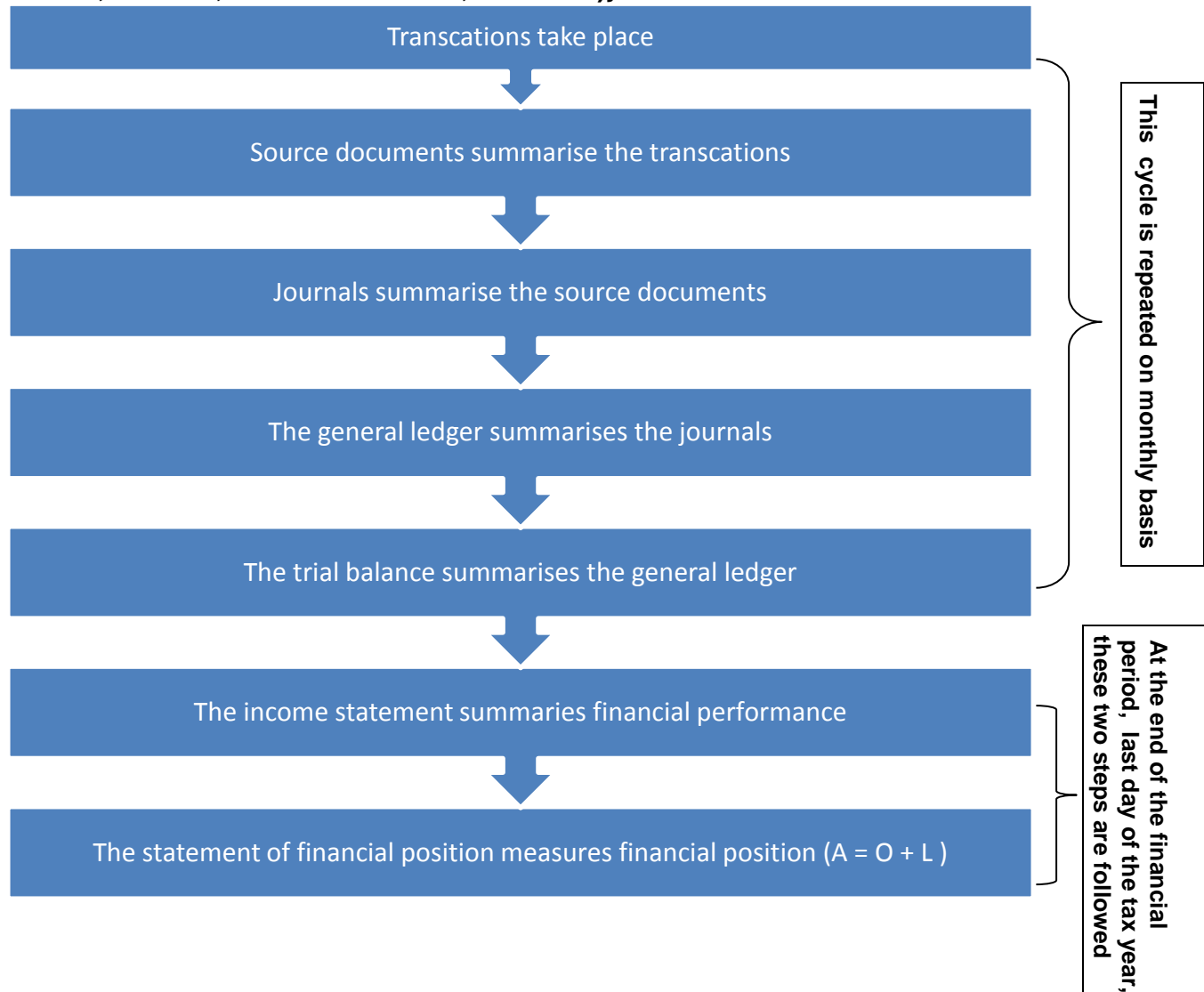
3.8 Bookkeeping and accounting cycle

The bookkeeping cycle is the monthly cycle which commences from when transactions take place and ends with a trial balance. The accounting cycle is a yearly cycle which encompasses the bookkeeping cycle and ends with the annual financial statements (Maritz, 2011:9). The bookkeeping cycle is repeated on a monthly basis (Lignier & Evans, 2012:617), which implies that micro-entrepreneurs should record transactions up to trial balance monthly.

The accounting/bookkeeping process follows the bulleted highlighted order (see below) and moreover is summarised diagrammatically in Figure 3.1 separating the bookkeeping cycle from the accounting cycle (Maritz 2008:9; Service, 2011:25; Calder, 2011:195; IFRS, 2011):

- A transaction is first documented (onto a source document)
- The document is then journalised (in subsidiary journals)
- The journal is then posted (into the subsidiary and general ledger)
- The ledger is summarised into trial balance
- The trial balance is summarised into a detailed set of financial statements –a summary used by internal users e.g. the retail business owner
- These financial statements are then further summarised into what is referred to as the published set of annual financial statements.

Figure 3.1: The bookkeeping cycle and accounting cycle {Source (Maritz, 2008:9; Service, 2011:25 & Calder, 2011:195)}



As it is indicated in the previous section, bookkeeping is either done manual or electronic. The following section focuses on manual bookkeeping and electronic bookkeeping exclusively to bookkeeping cycle thus from source document to trial balance.

3.8.1 Manual bookkeeping system

Manual record-keeping systems consist of paper-based journals/entries for each monthly cycle, and the journals are divided into separate sections for receipts and payments (Pinson, 2007; Benedict, 2012; Small Business Development Corporation Australia online, n.d.). Manual bookkeeping is a double-entry system that uses income and expense accounts. The main aim of manual bookkeeping is to record receipts and expenditures to maintain revenue and expense journals (Pinson, 2007:14). Pinson (2007) further points out that general records, such as fixed assets, petty cash, debtors, creditors and inventory, are also recorded

utilising the double-entry accounting system. Benedict (2012) and Pinson (2007) highlight that manual bookkeeping is easy to understand, and are mostly used by small businesses and can be extremely effective. Alternatively, micro-entrepreneurs can use electronic bookkeeping where accounting software is used to maintain journals automatically.

3.8.2 Electronic bookkeeping system

Electronic bookkeeping refers to the utilisation of accounting software for recording transactions (Pinson, 2007; Benedict, 2012). The electronic bookkeeping system applies the double-entry method by which each transaction is recorded as a debit and credit (Pinson, 2007). The process of transaction capturing is simplified for the user in the sense that the transactions are easily entered and matched to the relevant account (Pinson, 2007; Cadden & Schneider, 2014). Next, the accounting software “automatically debits and credits the proper corresponding account”. However, electronic bookkeeping cannot be achieved competently in isolation from the accounting software knowledge. It is therefore imperative for a micro-entrepreneur to know how to use the accounting software through understanding the journals involved in the bookkeeping process and the accounting software used. Electronic bookkeeping is opposite to manual bookkeeping in which mistakes made or adjustments when capturing the transaction are manually corrected; a debit note or a credit note is processed when a mistake occurs when recording transactions in an electronic bookkeeping system (Cadden & Schneider, 2014:5).

3.8.2.1 Supplier account adjustment on returned goods

Daugherty, Richey, Genchev and Chen (2005:78) state that all businesses are bound to deal with returns of some nature. Goods are returned for the following reasons: when the customer changes his/her mind about the product, the product has been damaged, the product is out of date (expired), an incorrect product was given when the transaction took place, the product is unacceptable, quality problems, overstocks and refurbishment (Lancioni, Smith & Oliva, 2000; Norek, 2002; Daugherty et al., 2005; Srivastava, 2008; do Valle, Menezes, Reis & Rebelo, 2009). When goods are returned, a debit note is recorded and sent to the supplier (Bradshaw & Brooks, 1996:339). When the supplier receives the debit note, then the customer (micro-entrepreneur) will receive either the replacement or refund for the product returned accompanied by a credit note (Lancioni et al., 2000).

It is essential for micro-entrepreneurs to record a debit note in the accounting software when they have returned clothes to suppliers for inventory-tracking purposes and to enhance

accuracy of financial records (Lancioni et al., 2000:48). The advantage of using an electronic bookkeeping system is that errors are easier to be detected (Lancioni et al., 2000). If records on returned goods are not recorded, accounts would not balance. Keeping records of returned goods also helps in knowing the actual availability of stock less returned items (Lancioni et al., 2000). The information reflecting in the accounting software will be misleading as it will show incorrect stock levels. Maintained records enable the business to form strategic supplier-customer alliances based on solid information developed from electronic accounting systems and make accurate decisions with regard to stock logistics. When the micro-entrepreneur receives returned goods back from customers, customers' accounts are adjusted by recording a credit note.

3.8.2.2 Customer account adjustment on returned goods

A credit note is an official document recorded in the sales-returns journal for goods returned from customers (Bradshaw & Brooks, 1996; Quinn, 2012). A credit note is issued by the seller (micro-entrepreneur) to the buyer (customer) to indicate that the account of a customer has been credited (Guide, Jayaraman & Linton, 2003; Flynn et al., 2005:9-16). This usually happens when a product failed to either meet the customers' needs or failed to perform, then was returned to the seller (Guide, Jayaraman & Linton, 2003:279). When the product is returned, the business owner has to inspect and grade the product to determine whether to resell or return to the product back to the suppliers (Guide et al., 2003; Srivastava, 2008). The decision to resell or return to supplier will be based on the condition of the product (Parlikad, McFarlane, Fleisch & Gross, 2003:10).

The key objective of business is to regain maximum value of the returned product or refund in a more cost-effective manner (Srivastava, 2008:538). If the business does not handle returned goods properly, it may result in failing to recover the maximum value of the product (Guide, Jayaraman & Linton, 2003:262). Failure to maintain records may result in failing to recover the maximum value from suppliers if the product needs to be further returned to suppliers (reverse logistics) without supporting documents. Reverse logistics and handling returns present a formidable challenge to businesses as the product-return chain/channel might be too long while the customer is waiting for a replacement; for example from the customer to the micro-entrepreneur to the supplier and probably to the manufacturer (Daugherty et al., 2005; do Valle, Menezes, Reis & Rebelo, 2009). Therefore, micro-entrepreneurs are supposed to have recorded supporting documents as a reference when either the customer or supplier inquires with regard to returned goods. If the business does

not have supporting documents during inquiry, this might harm the supplier-customer relationship (Daugherty et al., 2005:84).

3.8.3 Description of records

According to Gibson (2013:58) the general journal comprises journal entries and is called the book of original entry. Gibson (2013) defines journal entries as all transactions which are recorded in a general journal with a full description of the transaction. Comprehensively, Warren, Reeve and Duchac (2013:58) affirm that a journal entry entails the recording of: the date of the transaction, the title of the account debited, the title of the account credited and a brief transaction description. General journal is the book of source and the transactions are recorded chronologically in accordance to date of occurrence. The process of recording transactions in a journal is called journalising (Warren et al., 2012). Therefore, micro-entrepreneurs are expected to adequately describe business transactions on journal entries. This is useful for the owner and outside users for information and legal evidence.

3.8.4 Classification of records

General ledger contains posted journal entries which would have been initially recorded on the general journal, hence called book of second entry (Warren et al., 2012:61). General ledger summarises and classifies general journal entries to specific accounts irrespective of their date of occurrence (Jin, 1992:107). The general ledger contains ledger accounts which represent the accumulated information about changes in: assets, liabilities, owner's equity, revenues or expenses. The process of recording ledger accounts is called posting. Each ledger is identified by its account name.

3.8.5 Last stage of bookkeeping cycle

Trial balance is a list all accounts in the general ledger in which all the debit accounts are put on one side and all credit accounts are put on the other side (Bradshaw & Brooks, 1996; Flynn et al., 2005:9-10; Mittal & Singal, 2007). Trial balance is used to check the occurrence of errors as a result of not making a credit entry for every debit entry or balancing an account incorrectly (Flynn et al., 2005:9-10). If there are no mathematical mistakes or errors of omission, debit accounts equal credit accounts. Trial balance is used as the base for preparation of final accounts and it is the last stage in the bookkeeping cycle.

Below is the simulation business of a micro-retail clothing business owner with two employees. The business simulation serves as an illustration of what is expected to be done by a micro-entrepreneur who practises bookkeeping. The transactions are a mirror of the above explanation and are for the purpose of explaining the general journal, general ledger and trial balance. The transactions highlighted are recorded in the general journal, then transferred to general ledger accounts and finally a trial balance is drafted to check whether debits and credits balance. The underlying assumptions are that the business started on the 1st of March 2014 and the mentioned transactions are all of the same month, March 2014.

The micro-entrepreneur on the:

1st March 2014 started the business with Capital of R25 000

2nd March 2014 bought stationery R400

3rd March 2014 purchased equipment and furniture paid in cash R10 000

5th March 2014 purchased stock (inventory) R15 000

8th March 2014 borrowed money from the bank (Loan) R10 000

18th March 2014 the business owner took money from the till (Drawings) R1 000

28th March 2014 clothes sold on cash amounted to R12 000

30th March 2014 paid rent in cash R6 000

Paid Salaries in cash (R4 500 X 2) R9 000

Table 3.2: Bookkeeping cycle simulation (general journal, general ledger & trial balance)

General Journal

General Journal				
Date		Account title and explanation	Debit	Credit
March	1	Capital to start up the business		R20 000
		Cash	R20 000	
	2	Stationery (Pens, receipt book, counter book)	R400	
		Cash		R400
	3	Equipment purchased	R10 000	
		Cash		R10 000
	5	Inventory: Purchased stock (Clothes)	R15 000	
		Cash		R15 000
	8	Loan borrowed from the bank		R10 000
		Cash	R10 000	
	18	Drawings: owner takes money from the till	R1 000	
		Cash		R1 000
	28	Sales: sold clothes on cash		R12 000
		Cash	R12 000	
	30	Rent paid	R6 000	
		Cash		R6 000

	30	Salaries paid: Employee 1	R4 500	
		Cash		R4 500
	30	Salaries paid: Employee 2	R4 500	
		Cash		R4 500

General ledger

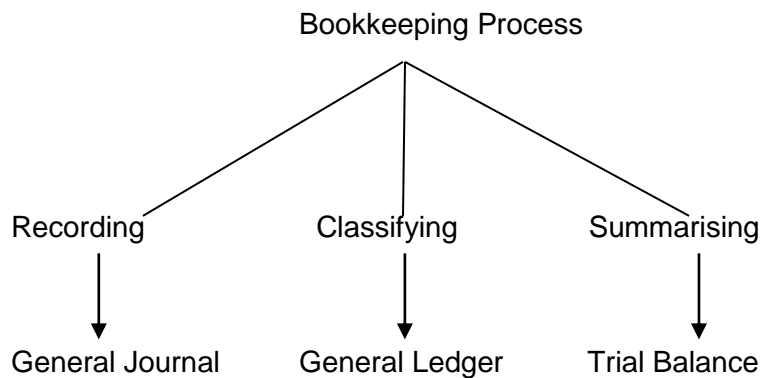
General ledger					
Date		Explanation	Debit	Credit	Balance
		Cash account			R600
March	1		R20 000		R20 000
	2			R400	R19 600
	3			R10 000	R9 600
	5			R15 000	(R5 400)
	8		R10 000		R4 600
	18			R1 000	R3 600
	28		R12 000		R15 600
	30			R15 000	R600
		Capital account			
	1			R20 000	
		Equipment account			
	3		R10 000		
		Inventory account			
	5-Jan		R15 000		
		Sales account			
	28			R12 000	
		Rent account			
	30		R6 000		
		Salaries account			
	30		R9 000		
		Stationery account			
	2		R400		
		Loan account			
	8			R10 000	
		Drawings Account			
	18		R1 000		

Trial Balance

Trial Balance on 31 March 2014		
Name of the account	Debit	Credit
Cash account	R600	
Capital account		R20 000
Equipment account	R10 000	
Inventory account	R15 000	
Sales account		R12 000
Rent account	R6 000	
Salary account	R9 000	
Stationery account	R400	
Loan account		R10 000
Drawings account	R1 000	
TOTAL	R42 000	R42 000

Finally, general journal, general ledger and trial balance can be summarised as illustrated below in Figure 3.2.

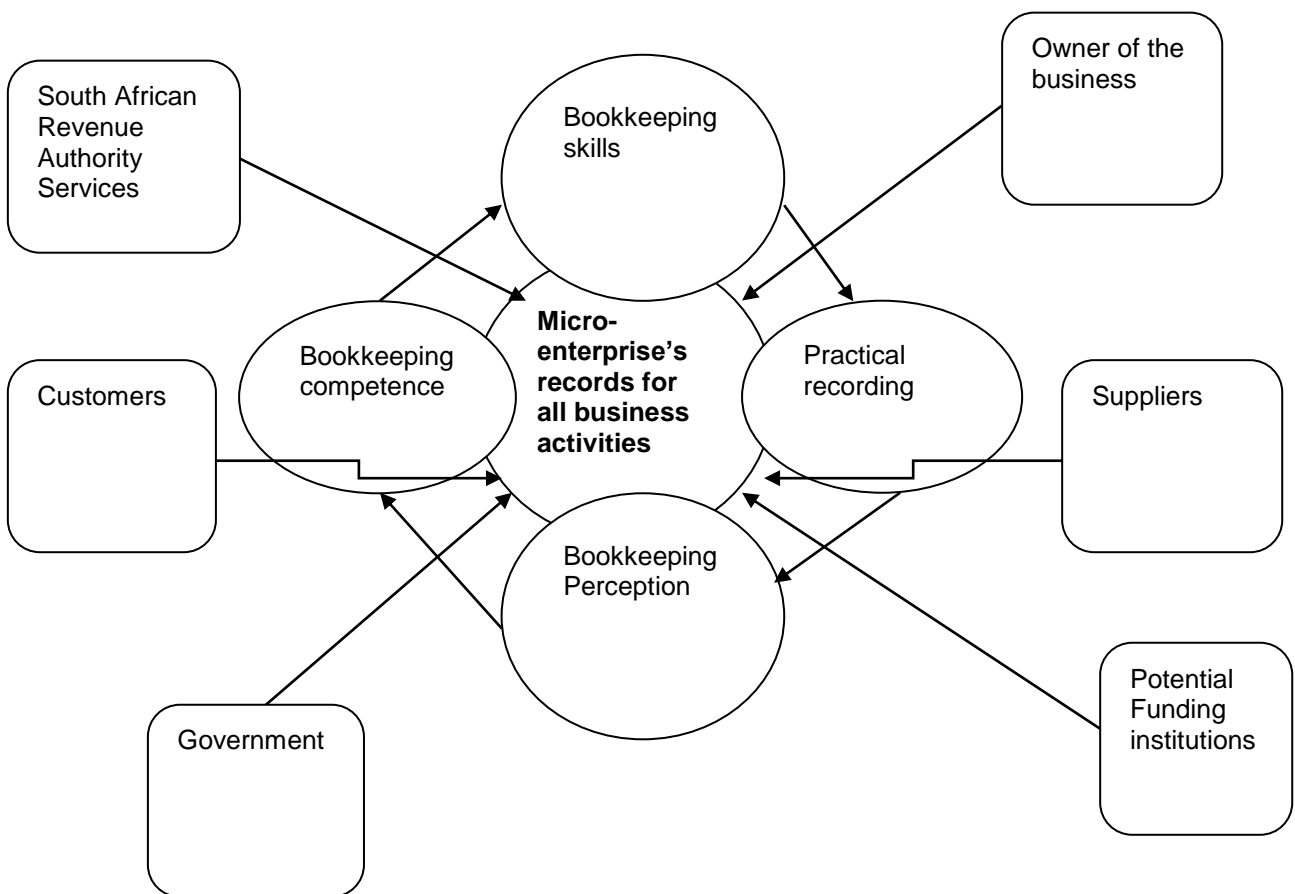
Figure 3.2: Bookkeeping cycle summary



In this section small-business accounting records, which are required to be captured when practising bookkeeping, were discussed. The following part explained the bookkeeping cycle and the accounting cycle, furthermore highlighting two ways of practising bookkeeping which are manual or electronic bookkeeping.

As explained by Patton and McMahon (2006:154), within an open system an enterprise is “subject to influence from outside and may also influence that which is beyond its boundaries” which implies that the recorded transactions will influence or be influenced by diverse retail clothing micro-entrepreneur’s stakeholders (IFRS, 2011). For example, stakeholders such as SARS will use the outcome of the recorded transactions for taxation purposes, government and potential funding institutions will use the recorded information for funding decision-making and business owners will use the recorded information for strategic decision-making towards business success (System Theory). Therefore, all recorded transactions or to be recorded transactions are related to both internal activities of the enterprise and the outside stakeholders; hence the researcher deduced the below diagram, Figure 3.3, as an illustration of the above interrelations of bookkeeping to the micro-enterprise.

Figure 3.3: Bookkeeping open Systems Theory of micro-enterprise



3.9 Conclusion

Generally, this chapter achieved its objective in reviewing the literature relevant to answering the research questions and the content needed for a micro-entrepreneur to know so as to enhance bookkeeping competence. It can be implied that numerous factors have to be taken in account for a micro-entrepreneurs to be competent, and these factors include but are not limited to education, training, dyslexic or non-dyslexic condition, bookkeeping system utilised and the entrepreneurs' perception on the benefit of bookkeeping to the business. The chapter firstly focused on the clothing industry literature and it was found that the clothing industry is important in terms of job creation, economic development and promotion of the tourism, particularly in Cape Town. Secondly, the importance of small businesses and small business entrepreneurs' skill requirements were discussed and the literature reflected education and training as a means of rectifying skill deficiencies within small businesses. Thirdly, bookkeeping and accounting competence were discussed followed by an explanation of small-business accounting records. Lastly, small-business taxation compliance and bookkeeping and the accounting cycle were explained.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter explains the research methodology undertaken in the study to collect and analyse data in order to answer the research questions and gain a better understanding of micro-entrepreneurs' competence in bookkeeping within the retail clothing industry in Cape Town, South Africa. Research methodology refers to a systematic way of solving the research problem (Kothari, 2006:8) or the research framework (Stanley, 2013:13). Firstly, empirical research methodology, which involves both the quantitative and qualitative approach, is discussed in relation to the study. This is followed by the research design which defines concurrent triangulation design and explains how the design is applied in data collection. Next, data collection is discussed based on the process of designing the questionnaire, pilot study and administration of the questionnaire. An explanation and discussion of reliability and validity of data collection and data analysis follows. The chapter is concluded by a discussion on the ethical issues which were taken into consideration on this research project.

4.2 Research Approach

The research approach is twofold, namely; literature review (Chapter 2 and chapter 3) and empirical research. The empirical research approach was used to analyse bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town. Empirical research approach integrates both quantitative and qualitative approaches in data collection. (Sarantakos, 1993; Vos, Strydom, Fouche, Poggenpoel & Schurink, 2001; Veal 2011). Vos et al., (2011:22) refer to an integration of qualitative and quantitative research as a "mixed model" approach. Both questionnaires and interviews are important data-collection tools used in quantitative and qualitative research, respectively (Harris, 2010; Veal, 2011; Vos et al., 2011). Therefore, for the purpose of this study, the empirical research approach or mixed model approach refers to the utilisation of both the quantitative and qualitative approach in data collection.

4.2.1 Quantitative approach

The quantitative research focuses on measurement and amounts of the characteristics displayed by people and events that the researcher studies (Thomas 2003:1). Similarly, Sarantakos (1993:42) states that the quantitative approach emphasises quantification and measurement, behaviourism and positive epistemology. Positive epistemology refers to the

study of knowledge and what is acceptable as valid knowledge (Johnson, 1995; Collis & Hussey, 2003; Blanche, Durrheim & Painter, 2006; Bryman 2008). From an epistemological standpoint, the quantitative approach is based on logical positivism (Sarantakos, 1993:41; Vos et al., 2011:66).

Positivist approach emphasises that the natural-scientific methods in human behaviour research is limited to what people can observe and measure objectively independently of individuals' feelings and opinions (Sarantakos, 1993; Blanche, Durrheim & Painter, 2006; Welman, Kruger & Mitchell, 2012). Furthermore, Vos et al. (2011:63) highlight that a positivist approach isolates the variables they want to study and uses a standardised numeric data-collection procedure, yet it remains detached from research participants to promote unbiased conclusions. Consequently, Section A and B of the questionnaire of this study were standardised based on objective questions where respondents answered the questions without being governed by their feelings and opinions or influenced by the researcher. The data was quantified and analysed using the Statistical Package for Social Sciences software (SPSS). Descriptive statistics, which describes and summarises numeric quantitative data into meaningful information, were used on the quantitative data captured in SPSS (Timmreck, 2002; Maree & Pietersen, 2007).

4.2.2 Qualitative approach

Qualitative research is defined by Brantlinger, Jimenez, Klingner, Pugach and Richardson (2005:195) as “a systematic approach to understanding qualities, or the essential nature of a phenomenon within a particular context”. Fraenkel and Wallen (2006:430) refer to the qualitative research as a number of descriptive research approaches that investigate the quality of the relationships, situations, activities or materials. Qualitative research is multi-method in focus; it attempts to study things in their natural settings, interpret, and make sense of phenomena in terms of the meanings people bring to them or from the participant's point of view (Newman & Benz 1998; Leedy & Ormrod, 2005; Vos et al., 2011). Therefore, from an ontological and epistemological standpoint, a qualitative approach is based on phenomenology and the interpretive approach (Blanche et al., 2006; Vos et al., 2011).

The interpretive approach deals with subjective data presented in language instead of numbers which come as a result of the interaction between the researcher and the respondents (Blanche et al., 2006; Khan, Kunz, Kleijnen & Antes, 2011; Welman et al., 2012). Moreover, Lewis Thornhill and Saunders (2007) highlight that the interpretive

approach recognises that participants differ from the subject of study in natural science, hence the need to understand the subjective meaning of the social action (Bell & Bryman, 2007; Bergman, 2008; Gonzalez Rey, 2012). Section C of the questionnaire comprised qualitative structured interviews whereby the researcher interacted with the participants in seeking micro-entrepreneurs' perceptions towards bookkeeping.

Thematic analysis was used to analyse data collected through qualitative structured interviews. Thematic analysis entails the process of data reduction by focusing on repeated words or phrases on respondents' responses (Grbich, 2012:61). Khan et al. (2011:194) define a theme as an idea which is developed by categorisation of qualitative research data under its heading. Themes were generated through the use of Wordle program which is a "special visualization of text in which the more frequently used words are effectively highlighted by occupying more prominence in the representation" (McNaught & Lam, 2010:630) and content analysis which is based on key words of the interview questions to interpret meaning from the content of text data (Hsieh & Shannon, 2005:1277).

4.3 Research design

Research design is defined as "the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and control variance (Bhattacharyya, 2006:40)". Concurrent triangulation design was used for this study whereby qualitative and quantitative data was dually collected and analysed at the same time (Hanson, Crewell, Plano Clark & Petska 2005:229). Prioritisation of data collection was equally given to both qualitative and quantitative approaches so as to gain adequate information on all the study objectives.

The concurrent triangulation design was utilised through questionnaire administration to micro-entrepreneurs and/or bookkeepers who help micro-entrepreneurs within retail clothing enterprises in record-keeping. The questionnaire was divided into four sections of which the first two sections (Sections A& B) and the last section (Section D) comprised quantitative questions and the third section (Section C) contained qualitative questions. Firstly, the respondents answered quantitative questions on their own without interacting with the researcher. Thereafter, the qualitative data collection method was used through conducting interviews using the third section of the questionnaire. The interviews enabled the respondents to explain their different views on bookkeeping contributions within retail clothing enterprises. Also, the researcher was not limited to the questions in the questionnaire but asked additional relevant questions so as to get adequate information and clarity on qualitative structured interviews where the respondents did not give clear answers.

4.3.1 Population

According to Veal (2011:356) population refers to the total category of subjects which is the focus of attention in a particular project research. The target population for this project research are micro-enterprises within the retail clothing industry located in Cape Town. It is essential to note that businesses are commonly defined based on the number of employees and the purpose of the study (O'Dwyer & Ryan, 2000; Small Business Amendment Act No. 26 of 2003 of South Africa, 2003; de Arruda, 2011; Haltiwanger, Jarmin & Miranda, 2013). Therefore, for the purpose of this study, small businesses refer to micro-enterprises with less than 10 employees within Cape Town (Alam & Miyagi, 2004; Shaw 2008; Hewitt et al., 2011). Respondents comprised micro-entrepreneurs, bookkeepers who help micro-entrepreneurs and/or employees involved in record-keeping with the business owners within the retail clothing industry. Years of operation were not considered in delineating the subjects (micro-enterprises) of the study.

4.3.2 Sample Technique and sample size

Sampling is any procedure that draws conclusions based on measurements of a portion of the population (Zikmund & Babin 2010:658). The researcher observed that it was going to be expensive and time-consuming to find a list of all retail clothing entities running micro-enterprises in Cape Town. Therefore purposive sampling and cluster sampling techniques were the most suitable sampling methods for the study.

Purposive sampling is a non-probability technique whereby the researcher deliberately selects the respondents based on the qualities of respondents (Tongco, 2007:147). Units of analysis are selected based on specific purposes associated with answering the research questions (Teddlie & Yu, 2007:77). For the purpose of this study, micro-entrepreneurs within the retail clothing industry were deliberately chosen based on challenges the clothing industry has been facing (Cooper & Schindler, 2006; Van der Westhuizen, 2006; Morris & Reed, 2008; Welman, Kruger & Mitchell, 2012). Micro-enterprises within other industries such as fast food, surgery, transport and others were excluded from the sample. Also, purposive sampling was based on the following criteria: firstly the business employed 0-10 workers; secondly the business was within the clothing industry in Cape Town; thirdly the business had a structure of operation not a vendor entrepreneur.

Cluster sampling refers to a survey of sampling which selects clusters such as groups defined by area of residence (Jupp, 2006:29). The cluster refers to the sampling unit which

can be geographic, spatial or temporal in nature (Levy & Lemeshow, 2013). Based on cluster sampling, suburban clusters were selected. The selection was based on areas where the retail clothing businesses dominate in Cape Town so as to obtain a representative sample. The following suburban clusters which are mainly dominated by retail clothing businesses in Cape Town were selected: Cape Town Central Business District (City Bowl), Woodstock, Salt River, Maitland, Bellville, Observatory, Mowbray, Rondebosch, Claremont, Wynberg, Waterfront and Green Point.

Although the Chinese clothing retail enterprises qualified in the sample drawn, they were not included in this study because they have partially contributed towards the challenges faced by the clothing industry in South Africa through the imports of cheap products (Van Eeden & Fundira, 2008; Van Eeden, 2009; Wolmarans, 2011; Mabuse, 2011; Edwards & Jenkins, 2013). Also the language barrier constituted the additional reason for excluding Chinese micro-entrepreneurs.

Sample size

Clothing micro-enterprises are clustered in specific areas in Cape Town. The sample selected included participants of all areas and could therefore be regarded as representative. The sample comprised 62 units of analysis within the retail clothing micro-enterprises. According to Barnes (2005:5), there were 327 clothing firms located in the Western Cape Province as of June 2004. The 327 clothing firms in the Western Cape Province were distributed among six district municipalities, Cape Town, West Coast, Cape Winelands, Overberg, Eden and Central Karoo (Barnes, 2005; Western Cape Government Provincial Treasury, 2012). Given that the average economic growth of the Western Cape Province is 4.1% (Western Cape Government Provincial Treasury, 2012:44) proportional to the number of firms in 2004 to 2014, the sample size of 62 participants within a single district is representative. Additional reasons why a sample of 62 participants were selected are:

- During the ethical clearance stage, the most realistic sample size was 62 as some small-business owners stated that they will not manage to participate because of their busy schedules hence not having time to complete the questionnaire. Other potential participants were just not interested in participating in the study without any valid reason given. Therefore at this stage the researcher's sample size was deduced based on the consent of micro-entrepreneurs, which was the most possible ethical way of collecting data.

- Time and monetary limitations were additional factors towards the sample size of 62 respondents as the researcher did not have adequate time to visit all the clothing outlets within Cape Town and did not have sufficient funds to travel to all the suburban areas in Cape Town.
- The average number of micro-entrepreneurs within a residential area also aided in coming up with the sample.
- The fact that only clothing micro-enterprises were objects of investigation excluded micro-enterprises in the other industries such as the fast-food industry, beverage industries, surgery etc. The researcher deemed the sample being representative within a single industry.
- Chinese micro-entrepreneurs were also excluded from the population and sample size as it is deemed that they partially contribute towards the clothing industry failures. Additionally, non-English speaking immigrant micro-entrepreneurs were not part of the sample due to language barriers. Belland Bryman (2011:233) point out that participants whose literacy or whose familiarity with English are limited will not be able to answer a questionnaire.

4.4 Data collection

Data collection is the process of gathering and collecting information (Blankenship, 2009:14). Data may be gathered by human observers or interviewers, or it may be recorded by machines as in the case of scanner data and Web-based surveys (Dorsten & Hotchkiss, 2004: 30). For the current study, data collection comprised three stages, namely designing of the questionnaire, pilot study and administration of the questionnaire together with interviews.

4.4.1 Questionnaire design

The structure and content of the questionnaire is important in the research process because it determines the data which will be collected (Brace, 1904; Davidson, 2003; Rattray, 2007). Furthermore, Veal (2005) asserts that once the questionnaire has been distributed to the participants, it is not easy to change the questions in the questionnaire. Consequently the questionnaire was designed based on research questions and the objectives of the study. Also, literature review helped in designing the questionnaire. All the questions within the questionnaire were asked based on the epistemological position of bookkeeping within the accounting discipline. Three main aspects were taken into consideration, namely the main objectives of the study, the type of questions to be asked, and the methodology used.

Firstly, all the questions asked related to the main objectives of the study, that is bookkeeping skills, bookkeeping practices and bookkeeping perceptions of micro-entrepreneurs in the retail clothing industry in Cape Town. Secondly, all types of questions were used with the aim to acquire adequate information. Closed-question types which are answered by “Yes” or “No” were asked to acquire facts from the participants with regard to the study (Maritz & Bender, 2008:34). Open-ended question types which do not elicit “right” or “wrong” answers were asked to acquire micro-entrepreneurs’ opinions with regard to bookkeeping (Maritz & Bender, 2008:34). The participants were also asked questions based on 5-Likert-type scale denoted by 1 = Poor to 5 = Excellent, and 1= Never to 5= Always on bookkeeping skills and bookkeeping execution respectively (Sarantakos, 1993; Nakisani & Ongori, 2013). Finally, examination-like questions were asked to test micro-entrepreneurs’ knowledge about bookkeeping.

The questionnaire comprised four sections. The first section (Section A) consisted of bookkeeping training and competence of micro-entrepreneurs in the retail clothing industry. The second section (Section B) consisted of bookkeeping-execution questions, while the third section (Section C) comprised bookkeeping-perception questions of the respondents with regard to bookkeeping in the retail clothing industry. Finally, the last section (Section D) profiled the respondents through asking general questions about the participants and their businesses.

4.4.2 Pilot study

After completing the questionnaire design, a pilot study was undertaken within the clothing retail industry in Cape Town to identify any possible changes to the questionnaire and to test whether the questionnaire was appropriate before carrying out the study. A pilot study refers to a “dress rehearsal” for the actual research investigation (Welman, Kruger & Mitchell, 2005: 148). A pilot study was critical in refining survey questions and reducing the risk of the full study being fatally flawed. Looking at the sample size of 62 units of analysis, six micro-entrepreneurs (9.7% of the total sample size) were approached for the pre-test.

After receiving pilot study results, some questions were paraphrased in the questionnaire. The purpose of the questionnaire was clear to the participants, however they complained about the language being too academic especially the respondents who did not have tertiary qualification. In addition, respondents felt that the questionnaire was too long, hence

eliminating questions which did not strongly answer the research objectives, and also printed the questionnaire back-to-back. Therefore this stage served its purpose to identify questions which needed to be changed, questions which were misunderstood, and to measure the total time-frame for answering the questionnaire (Ticehurst & Veal, 2000; Welman, Kruger & Mitchell, 2005; Lewis, Thornhill & Saunders, 2007; Zikmund et al., 2010).

During the pilot test, the researcher learned that micro-entrepreneurs sometimes have an assumption that they are making a lot of money, but are deceived by the cash inflows through sales while in actual fact there are making a loss, especially when some cost of sales is not taken into consideration as well as other sundry costs, like airtime. For example, one of the business owners said:

“I buy R20 airtime on a daily basis and R250 fuel weekly for my car both for personal use and business, but there is no need for me to record these amounts because it’s not much.”

The researcher had an opportunity with the business owner to calculate the total expense for the month and the costs added to R1400. This was an eye-opener to the business owner with regard to record-keeping regardless of the amount in question.

4.4.3 Interviews and questionnaire administration

Several micro-entrepreneurs enterprises within the retail clothing industry were contacted and asked to complete the questionnaire. Also, interviews were conducted in Section C of the questionnaire. Administration of the questionnaires and interviews proved to be the most difficult stage of the study. Business owners were either not available or did not have enough time to complete the questionnaire and sit for an interview the same day. The researcher had to visit the same businesses repeatedly to inquire on the completion of the questionnaire and seek time for interview questions. Furthermore, communication between the researcher and respondents was difficult as the respondents did not provide their telephonic contacts as per the anonymity agreement prior to the data collection stage (consent letters). Regardless of the challenges faced, the response rate was high and data collection was therefore a success. A total of 62 (n=62) participants completed the questionnaire on quantitative questions and a total number of 54 (n=54) participants were interviewed.

The questionnaire comprised four sections. The first section consisted of bookkeeping training and the competence of micro-entrepreneurs in the retail clothing industry. Three major questions were asked in Section A. Questions posed in Question One inquired micro-

entrepreneurs' level of qualification and training in relation to bookkeeping courses and modules. The reason for the questions asked in Question One was to understand micro-entrepreneurs' bookkeeping educational backgrounds which have an impact on bookkeeping competence. In Question Two, questions which required micro-entrepreneurs to indicate their level of understanding of the accounting/bookkeeping terms in relation to bookkeeping were asked. Micro-entrepreneurs' understanding of accounting/bookkeeping terms have an impact on record-keeping competence particularly on the accuracy of the business records. Question Three was in the form of 'bookkeeping assessment' and it acted as a confirmation and validation of whether the respondents answered Question One and Two truly. The rationale behind these questions was to answer the first objective, that is to analyse what bookkeeping skills do micro-entrepreneurs in Cape Town in the clothing retail industry possess?

The second, Section B, consisted of bookkeeping-execution questions. Two major questions were asked, Question Four and Question Five. Question Four focused on the level of consistency in which micro-entrepreneurs executed bookkeeping duties. Question Four also inquired about the content of the records in terms of the depth of describing transactions. The aim of Question Four was to find out whether bookkeeping duties are adequately executed with adequate information on the records. Question Five focused on questions which required micro-entrepreneurs to indicate which bookkeeping system is used within their enterprises among the following: manual, electronic or both manual and electronic bookkeeping system. Additionally, sub-questions were asked seeking micro-entrepreneurs' understanding of the bookkeeping system utilised within their micro-enterprises. Knowledge of the bookkeeping system utilised influences bookkeeping practice and competence. The abovementioned questions were asked with the aim of achieving the second objective of the study which is to evaluate whether bookkeeping skills are put into practice within the retail clothing industry in their daily business transactions.

The third section comprised questions pertaining to micro-entrepreneurs' bookkeeping perceptions. Four interview questions were asked based on the role of bookkeeping, micro-enterprises' sustainability with or without bookkeeping, bookkeeping personnel and bookkeeping importance. These questions enabled the researcher to achieve the last study objective of the study, which is to understand how micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance in Cape Town. The fourth section comprised six questions which inquired into the respondents' gender, nationality, age, highest level of education, number of employees and micro-entrepreneurs' suppliers. The reason for these

questions was to profile the respondents and ensure that the study was in line with the stipulated study delineation and boundaries.

4.5. Reliability and Validity

This section focuses on reliability and validity of the data collected.

4.5.1 Reliability

Zikmund et al. (2010:657) define reliability as an indicator which measures internal consistency. Reliability can be achieved through asking multiple questions of the same concept in different ways (Bradburn, Sudman & Wansink., 2004:207). The results are reliable based on the consistency of the respondents' answers. On this study, multiple questions were asked on each objective so as to promote reliability of the findings. Additionally, Khan, et al. (2011:23) state that precision which incorporates stability, reproducibility and homogeneity also influences the reliability of the findings. Precision refers to the "proportion of relevant studies identified by a search strategy expressed as a percentage of all studies identified by that method" (Khan et al., 2011:29). The intention of the search was to exclude irrelevant studies. The researcher utilised academic search engines such as Google Scholar, Google Books, which are directly linked to academic databases such as Sage, Emerald or Science Direct, comprising academic journals. Study key words and phrases related to the field of accounting were used to search and gather literature so as to maximise relevance.

4.5.2 Validity

Validity refers to the degree to which results of the study are likely to approximate the truth for the subjects recruited in a study (Khan et al., 2011:194). Validity measures the accuracy of the results; valid results are free of bias (Bradburn et al., 2004, Petticrew & Robert, 2008; Zikmund et al., 2010; Khan et al., 2011). Construct validity was used in this research. Construct validity refers to the use of multiple, heterogeneous indicators that increase the likelihood of adequately identifying the construct of interest (Linn, 1993; Haynes Richard & Kubany, 1995; Vogt, King & King, 2004; Zikmund et al., 2010). Construct validity incorporates content validity, criterion validity, convergent and divergent validity.

4.5.2 .1 Content validity

Content validity refers to the extent to which elements of an assessment instrument are relevant to and representative of the targeted construct for a particular assessment purpose

(Haynes et al., 1995:239). Content validity aims to ensure that the entire scope of the construct is covered without going beyond the concept being measured (Haynes et al., 1995; Vogt et al., 2004; Goodwin, 2009; Zikmund et al., 2010). For the purpose of this research, all content in the questionnaire was solely aimed at answering the research questions, to analyse bookkeeping skills possessed by micro-entrepreneurs, to evaluate bookkeeping practices, to understand micro-entrepreneurs perceptions with regard to bookkeeping and to understand the general information of micro-entrepreneurs in the retail clothing industry in Cape Town.

4.5.2.2 Criterion validity

Zikmund et al. (2010:308) define criterion validity as the ability of a measure to correlate with other standard measures of similar constructs or established criteria, and it is categorised into two: predictive validity or concurrent validity. Predictive validity establishes that the scores from a measurement procedure make accurate predictions about the construct they represent (Haynes et al., 1995; Given, 2008; Zikmund et al., 2010; Bernard 2011). Concurrent validity measurement procedure is when two different measurement procedures are carried simultaneously (Haynes et al., 1995; Given, 2008; Zikmund et al., 2010). It is established when the scores from the new measurement procedure are directly related to the score from the well-established procedure of the same construct (Haynes et al., 1995; Vogt et al., 2004; Zikmund et al., 2010). For the purpose of this study, concurrent validity was established in designing the research questionnaire, to accurately analyse bookkeeping skills, bookkeeping practices and bookkeeping perceptions of micro-entrepreneurs through triangulation design. In support, Khan et al. (2011:100) affirm that validity of the study depends on the extent to which its design, conduct and analysis minimises biases.

4.5.2.3 Convergent and divergent validity

Convergent validity refers to measuring the same concept with very different methods (Haynes et al., 1995; Goodwin, 2009; Zikmund et al., 2010). Convergent validity is achieved when different methods yield similar or the same results (Vogt et al., 2004; Zikmund et al., 2010). In this research, convergent validity was used by means of utilising both closed and open-ended questions in the research questionnaire with the aim to yield the similar results. Divergent validity which measures a concept to discriminate that concept from other closely related concepts was not part of this study because bookkeeping is part of accounting (Goodwin, 2009:17). Therefore bookkeeping concepts cannot be measured in isolation from accounting concepts.

4.6 Ethical considerations

According to Welman and Kruger (2001:171) there are certain ethical considerations concerned with matters of plagiarism, honesty and respect for the rights of individuals. Ethical considerations on matters such as plagiarism, honesty and respect for the rights of individuals carry legality implications, therefore they are crucial when undertaking a research project (Bradburn, Sudman & Wansink, 2004; Petticrew, & Robert, 2008; Khan et al., 2011; Welman et al., 2012). The researcher referenced all the work gathered from different authors. The researcher asked for permission before administrating the questionnaire and conducting interviews from all entities involved.

Hennink, Hutter and Bailey (2010:63) point out that the researcher should take into consideration the following consents:

- **Informed consent:** Respondents should be provided with sufficient information about the study, in a format that is comprehensible to them, and make voluntary decisions to participate in a research study. The respondents were given sufficient information in the form of a letter and then they signed the letter after reading and understanding what the study entails.
- **Self-determination:** Individuals have the right to determine their own participation in research, including the right to refuse participation without negative consequences. The respondents who did not agree with the terms and conditions of the study were not forced to sign the letter and therefore were excluded from the study.
- **Minimization of harm:** The study should not do any harm to respondents or put them at risk. The study did not cause any harm to the respondents.
- **Anonymity:** Identity of respondents should be protected at all times. The questionnaire did not require respondents to include their identification nor the business name. However, there were a few respondents who insisted and requested that their details be included on the questionnaire as they were interested in the results of the study after completion.
- **Confidentiality:** Researchers should ensure that all data records are kept confidential at all times. All the information was kept confidential at all times.

As Hennink et al. (2010) state that informed consent, self-determination, minimisation of harm, anonymity, and confidentiality should be followed on conducting a research, and the researcher followed all the stated ethical considerations mentioned above. Respondents were not manipulated in anyway so as to gather information.

Additionally, the Cape Peninsula University of Technology (CPUT), where the researcher was a registered student for the dissertation, required the researcher to follow the University's ethical procedures. Issues pertaining to ethics were dealt with by the CPUT Senate Ethics Committee (SEC), Research Ethics Committee (REC) and High Degree Committee (HDC). The SEC is the main CPUT ethics board which monitors REC and HDC. The functions of SEC included but were not limited to advising the senate, Higher Degrees Committee (HDC) and CPUT Management on all matters pertaining to research ethics on or involving humans, animals, and the environment, and on ethics with regard to issues such as plagiarism, conflict of interest etc, to monitor all practices in all RECs including appointments, applications, reviews, approvals and monitoring processes in place, to ensure that RECs operate within the Policies, Rules and Guidelines of the associated, relevant Organisations, Bodies, Councils, Government Departments.

In line with the University's ethical consideration requirements, the researcher followed the University's ethical procedures under Higher Degrees Committee and Research Ethics Committee at different stages, which are:

- Registration of topic for dissertation/thesis: The researcher submitted the proposed topic to the University High Degree Committee (HDC 1.1) to verify and ensure that the research project has not been submitted to any other educational institution for the purpose of a qualification. Also, HDC 1.1A which is the Memorandum of Understanding (MoU) between the researcher, supervisor and the University was submitted as an approval of consent/agreement between the parties involved on the research project.
- Registration of proposal for dissertation/thesis: The researcher completed the Higher Degree Committee (HDC) 1.2 form which summarises the proposal of the research project and submitted to the Higher Degrees Committee together with the complete proposal. At this stage, the REC 5 form comprising of questions which has to do with the ethical aspect of the study was completed and submitted for approval. The consent letters from the respondents (micro-entrepreneurs) and the questionnaire comprising the questions to be directed to respondents were also submitted during the registration of proposal for the dissertation stage (see questionnaire in Appendix B).
- Having submitted HDC 1.1, HDC 1.2 and REC 5, the researcher received the HDC 1.1 and HDC 1.2 approval and the ethical clearance certificate as a confirmation to proceed with the research project (see documents in Appendix A).

- The researcher then carried out the research project in accordance with the stipulated consent of the parties involved.
- Before the research project was submitted for examination, the dissertation was checked using Turnitin anti-plagiarism software.

4.7 Conclusion

In conclusion, the chapter achieved its purpose to explain the research methodology undertaken in the study. Firstly, quantitative and qualitative approaches were explained and discussed in relation to the research project. Research design followed by indicating the population and sample drawn in analysing micro-entrepreneurs bookkeeping competence. Next, data collection was discussed based on the process of designing the questionnaire, pilot study and administration of the questionnaire. An explanation and discussion on reliability and validity of data collection and data analysis followed. The chapter was concluded with a discussion on the ethical issues which were taken into consideration on this research project.

CHAPTER FIVE

PRESENTATION AND ANALYSIS OF THE RESEARCH FINDINGS

5.1 Introduction

Data analysis refers to the statistical methods and computer software used to interpret the collected information (Burrows, 2011:51) or is the précis and application of reasoning to understand the gathered information (Zikmund & Babin, 2012:64). “Analysis involves determining consistent patterns and summarising the relevant details revealed in the investigation” (Zikmund & Babin, 2012). This chapter presents and analyses the data collected through self-administered questionnaires and structured qualitative interviews. The findings are presented based on the objectives of the study under the following major sections of the questionnaire: bookkeeping training and competence, bookkeeping execution, and bookkeeping perceptions of micro-entrepreneurs in the clothing retail industry in Cape Town, South Africa. The last section presents and analyses the general information of the respondents.

5.2 The questionnaire

The questionnaire comprised four sections. The first section focused on bookkeeping training and competence of micro-entrepreneurs in the retail clothing industry. The second section focused of bookkeeping-execution questions, while the third section comprised bookkeeping-perceptions questions of the respondents with regard to bookkeeping in the retail clothing industry. Finally, the last section profiled the respondents through asking general questions about the participants and their businesses. The data collected from the completed questionnaires was captured in a Statistical Package for the Social Sciences software (SPSS) data format for coding and analysis whereby answers were converted into numbers (Floyd & Fowler, 2009; Pallant, 2010). Out of the four sections, bookkeeping training and competence, bookkeeping execution and general information are quantitative data based on descriptive statistics, while data on bookkeeping perception is qualitative data based on thematic analysis.

5.2.1 Descriptive statistics and thematic analysis

Descriptive statistics which describes and summarises numeric quantitative data into meaningful information were used on the quantitative data captured in SPSS (Timmreck, 2002; Maree & Pietersen, 2007). The frequency and percentage of the total number of the

respondents were determined for each category of the variables and in some cases the respondents did not answer; hence they were treated as “missing values”. On the other hand thematic analysis, which entails the process of data reduction by focusing on repeated words or phrases on respondents responses, was used to analyse qualitative data (Grbich, 2012:61). Responses were grouped according to the most repeated phrases or words. The sample size is n=62 for quantitative data and n=54 for qualitative data. The results are presented by means of distribution tables, bar charts, pie charts, respondents’ responses quotations, unless or otherwise specified.

5.3 Section A: Bookkeeping Training and Competence

The first objective of the study was to analyse what bookkeeping skills micro-entrepreneurs in Cape Town in the clothing retail industry possess. Therefore, Section A focused on questions pertaining to bookkeeping skills possessed by micro-entrepreneurs. Firstly, a set of “Yes” or “No” questions about micro-entrepreneurs training within the accounting domain and bookkeeping in particular were asked. Secondly, five-point Likert scale questions were asked seeking the degree of micro-entrepreneurs’ understanding of the accounting terms relevant to record-keeping within a business. Thirdly, in relation to the previous questions, examination-like questions were asked to test micro-entrepreneurs’ understanding and to check the validity and reliability of the respondents’ responses to the preceding questions. The results from this section gave an insight into micro-entrepreneurs’ bookkeeping skills and training implications.

5.3.1 Level of bookkeeping education

This section of data presentation and analysis of the findings provides the information about micro-entrepreneurs’ level of education. The questions asked were all directly or indirectly related to bookkeeping education and were as follows;

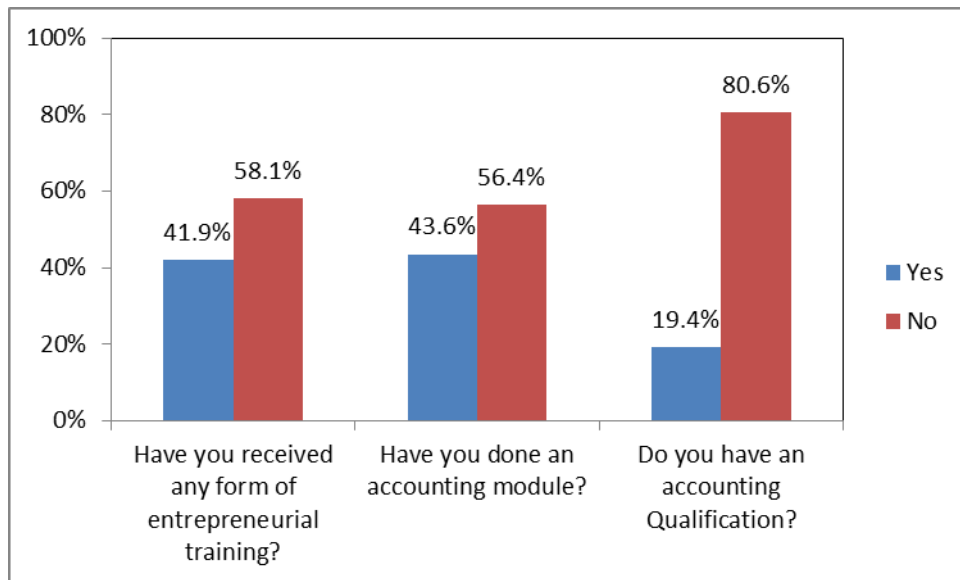
- Have you received any form of entrepreneurial training?
- Have you done any module in accounting?
- Do you have an accounting qualification?
- Have you done a course in bookkeeping?
- Have you received bookkeeping training in the form of workshops?
- Have you done a short course in bookkeeping?

5.3.1.1 Entrepreneurial and accounting training

Figure 5.1 indicates that out of 62 respondents, 41.9% received entrepreneurial training and 58.1% did not receive entrepreneurial training. Findings show that 43.6% of the respondents who attended formal education did an accounting module and 56.4% of the respondents both

with and without formal education have never done training incorporating an accounting module. The majority, 80.6% of the respondents, do not have an accounting qualification and 19.4% of the respondents have an accounting qualification.

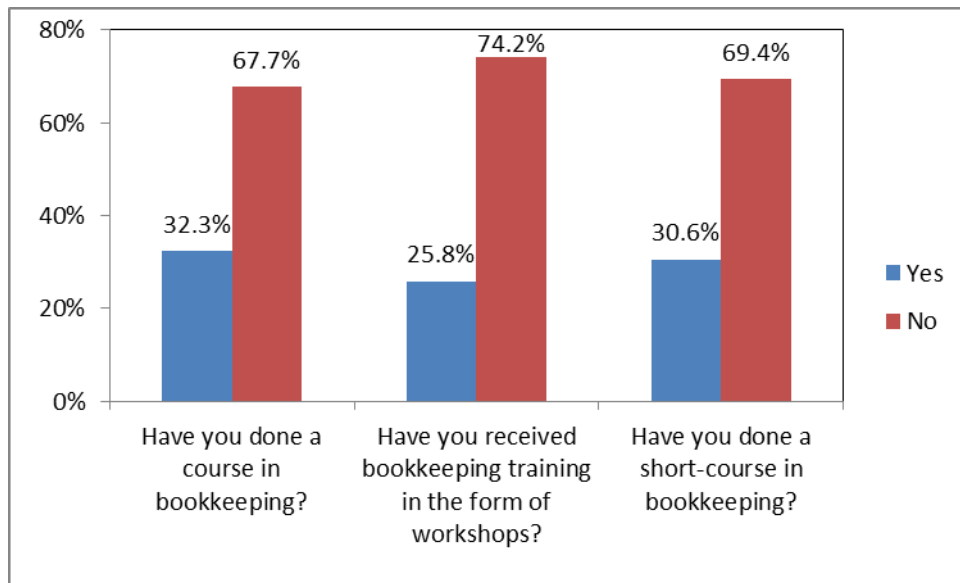
Figure 5.1 (Field work): Entrepreneurship and accounting training



5.3.1.2 Bookkeeping training

From Figure 5.2, a significant percentage 67.7% of the respondents have not done a course in bookkeeping, while 32.3% have done a course in bookkeeping. The majority, 74.2% of the respondents, have never received training in bookkeeping while 25.8% have received bookkeeping training in the form of workshops. The respondents who have done a short course in bookkeeping constitute of 69.4%, and 30.6% of the respondents have never done a short course in bookkeeping. The findings suggest that the majority of micro-entrepreneurs have not received training in bookkeeping.

Figure 5.2 (Field work): Bookkeeping training



Conclusion

Most of micro-entrepreneurs within the clothing retail industry have not received training in entrepreneurship, accounting or bookkeeping. An average of 65.1% have not received either entrepreneurship or accounting training and an average of 70.4% have not received training in bookkeeping. Micro-entrepreneurs who have received either entrepreneurship or accounting training constitute of an average of 34.8% and an average of 29.6% with bookkeeping training. This implies that there is still a need for entrepreneurial training, accounting and/or bookkeeping within the clothing retail industry in Cape Town.

5.3.2 Accounting terms

In this section respondents were asked questions based on a five-point Likert-scale (1-Poor, 2-Fair, 3-Good, 4-Very good, 5-Excellent) method. Based on the previous question, respondents were asked questions pertaining to their understanding with regard to the following accounting terms when recording transactions:

- T-account (double-entry bookkeeping thus debits and credits)
- Single account (single-entry bookkeeping)
- General ledger
- Trial balance
- Assets
- Liabilities
- Income
- Expenses

The aim of these questions was to determine the respondent's level of understanding in terms of bookkeeping aspects and locate specific training implications with regard to record-keeping.

5.3.2.1 T-account

As presented in Table, 5.1, the majority of the respondents 40.3% (Poor = 24.2% and Fair = 16.1%) did not understand the T-account; 30.6% had a good understanding and 29.0% (Very good = 16.1% and Excellent = 12.9%) exceptionally understood double-entry bookkeeping. In general, the results suggest that micro-entrepreneurs do not fully understand double-entry bookkeeping.

Table 5.1 (Field work): T-account

T-account			
Sections	Frequency	Percentage	Cumulative percentage
Poor	15	24.2%	24.2%
Fair	10	16.1%	40.3%
Good	19	30.6%	71.0%
Very good	10	16.1%	87.1%
Excellent	8	12.9%	100.0%
Total	62	100.0%	

5.3.2.2 Single entry

Under double-entry bookkeeping, the majority of the respondents were not knowledgeable about the double-entry account 45.1% (Poor = 27.4% and Fair = 17.7%), a significant percentage, 24.2%, of the respondents had a good understanding of single-entry bookkeeping and a total of 30.6% (Very good = 17.7% and Excellent = 12.9%) understood double-entry bookkeeping well (Table 5.2). This implies that micro-entrepreneurs have a minimum double-entry bookkeeping understanding.

Table 5.2 (Field work): Single entry

Single account			
Sections	Frequency	Percentage	Cumulative percentage
Poor	17	27.4%	27.4%
Fair	11	17.7%	45.2%
Good	15	24.2%	69.4%
Very good	11	17.7%	87.1%
Excellent	8	12.9%	100.0%
Total	62	100.0%	

5.3.2.3 General ledger

In Table 5.3 the respondents who did not understand the general ledger constituted 38.7% (Poor = 17.7% and Fair = 21.0%) equally matching the respondents who exceptionally understood the general ledger 38.7% (Very good = 24.2% and Excellent = 14.5%). The remainder of the respondents, 22.6%, indicated a good understanding of the general ledger.

Table 5.3(Field work): General Ledger

General Ledger			
Sections	Frequency	Percentage	Cumulative percentage
Poor	11	17.7%	17.7%
Fair	13	21.0%	38.7%
Good	14	22.6%	61.3%
Very good	15	24.2%	85.5%
Excellent	9	14.5%	100.0%
Total	62	100.0%	

5.3.2.4 Trial Balance

As displayed in Table 5.4, more than half 51.6% (Poor = 27.4% and Fair = 24.2%) of the respondents stated that they do not understand the trial balance; 24.2% stated that their understanding was good and the remainder 24.2% (Very good = 11.3% and Excellent = 12.9%) remarkably understood the trial balance.

Table 5.4 (Field work): Trial Balance

Trial Balance			
Sections	Frequency	Percentage	Cumulative percentage
Poor	17	27.4%	27.4%
Fair	15	24.2%	51.6%
Good	15	24.2%	75.8%
Very good	7	11.3%	87.1%
Excellent	8	12.9%	100.0%
Total	62	100.0%	

5.3.2.5 Assets

The findings in Table 5.5 indicate that 37.1% (Poor = 12.9% and Fair = 24.2%) of the participants do not understand the term “Assets” and half of the participants 50.0% (Very good = 30.6% and Excellent = 19.4%) understood the term “Assets” remarkably. A minor

percentage, 12.9%, of the participants had a good understanding of the term “Assets”. It is evident that the majority of the participants understood what an asset is, with a frequency of 31 (Very good =19 and Excellent = 12) in comparison to a frequency of 23 (Poor = 8 and Fair = 15). Therefore the findings suggest that micro-entrepreneurs understood the definition of an asset in relation to bookkeeping.

Table 5.5 (Field work): Assets

Assets			
Sections	Frequency	Percentage	Cumulative percentage
Poor	8	12.9%	12.9%
Fair	15	24.2%	37.1%
Good	8	12.9%	50.0%
Very good	19	30.6%	80.6%
Excellent	12	19.4%	100.0%
Total	62	100.0%	

5.3.2.6 Liabilities

The results in Table 5.6 indicate that the majority or 46.7% (Very good = 17.7% and excellent = 29.0%) of the participants understood the term “Liabilities” and 21.0% had a good understanding of the term liabilities, while 32.3% (Poor = 9.7% and Fair = 22.6%) did not fully understand the term “Liabilities” when recording transactions.

Table 5.6 (Field work): Liabilities

Liabilities			
Sections	Frequency	Percentage	Cumulative percentage
Poor	6	9.7%	9.7%
Fair	14	22.6%	32.3%
Good	13	21.0%	53.2%
Very good	11	17.7%	71.0%
Excellent	18	29.0%	100.0%
Total	62	100.0%	

5.3.2.7 Income

According to Table 5.7 the majority of the respondents, 61.3%, (Very good = 29.0% and Excellent = 32.3%) had an exceptional understanding of the definition of income when recording transactions, while the minority of the respondents, 17.7%, (Poor = 3.2% And Fair = 14.5%) were not knowledgeable about the term “income” in bookkeeping. The remainder, 21.0%, of the participants indicated a good in understanding of what income refers to in record-keeping.

Table 5.7 (Field work): Income

Income			
Sections	Frequency	Percentage	Cumulative percentage
Poor	2	3.2%	3.2%
Fair	9	14.5%	17.7%
Good	13	21.0%	38.7%
Very good	18	29.0%	67.7%
Excellent	20	32.3%	100.0%
Total	62	100.0%	

5.3.2.8 Expenses

From Table 5.8 it is evident that the majority, 62.9%, of the respondents (Very good = 30.6% and Excellent = 32.3%) were remarkably knowledgeable about expenses when recording transactions within the clothing retail industry in Cape Town. However, 14,5% (Poor = 1.6% and Fair =12.9%) of the respondents were below average in understanding expenses while 22.6% of the respondents were on average “good” in understanding expenses..

Table 5.8 (Field work): Expenses

Expenses			
Sections	Frequency	Percentage	Cumulative percentage
Poor	1	1.6%	1.6%
Fair	8	12.9%	14.5%
Good	14	22.6%	37.1%
Very good	19	30.6%	67.7%
Excellent	20	32.3%	100.0%
Total	62	100.0%	

Conclusion and response correlation

The majority of the respondents understood the elements of financial statements (assets, liabilities, income, and expenses) compared to the bookkeeping processes (T-account, single-entry account, general ledger, trial balance). There was a higher correlation of the responses on the following elements of financial statements, assets, liabilities, income and expenses. The responses of the respondents with regard to the elements of financial statements had the correlation deviating from good, very good to excellent as follows: 0.77 between assets and liabilities, 0.70 between assets and income, 0.77 between liabilities and income, 0.84 between income and expenses.

On the other hand, T-account, single-entry, general ledger and the trial balance responses had a correlations of 0.72 between T-account and double-entry, 0.66 between trial balance and double-entry, and 0.64 between trial balance and T-account, 0.72 general ledger and trial balance deviating to the direction from “good, fair to poor understanding of the bookkeeping process. However, the general ledger had a lower correlation of 0.53 with T-account and 0.56 with double-entry account which implies that the responses were slightly different. Next, elements of financial statement are considered in an assessment format related to the accounting terms considered in this section.

5.4 Elements of financial statements test

The last set of questions on the first objective of the study to analyse bookkeeping skills possessed by micro-entrepreneurs were questions which tested the respondents as a confirmation on the validity of their responses in question one and question two. Additionally, these questions acted as a determinant of the competence in executing bookkeeping duties. The questions were in the form of an examination test whereby the respondents were required to classify accounts and match the account to the appropriate element of financial statement (assets, liabilities, expenses, owner’s equity, income). Below is Table 5.9 in the format in which the questions were asked; the first row was an illustration for the respondents on how to answer the questions by placing an X in the appropriate box.

Table 5.9 (Field work): Bookkeeping assessment

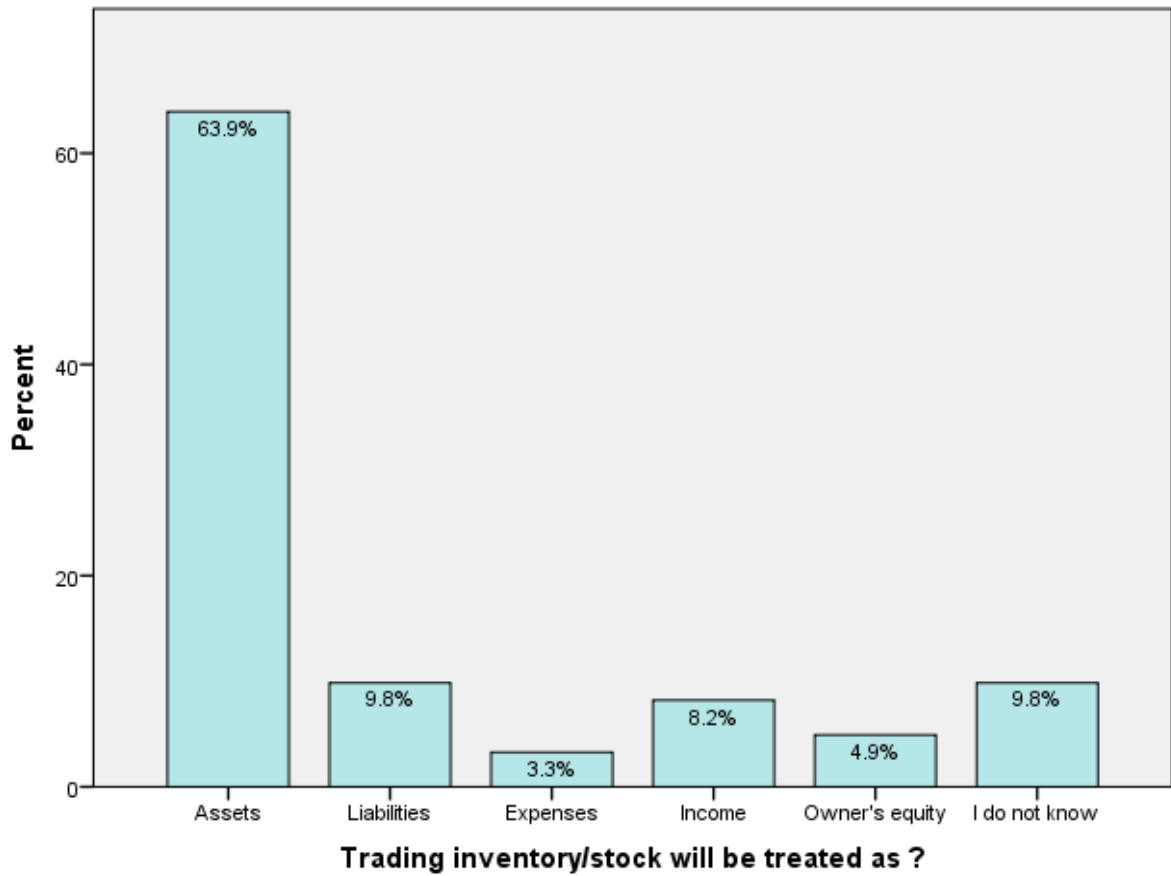
Name of the account	Assets	Liabilities	Expenses	Income	Owner's equity	I do not know
Our Business bought retail clothing rack equipment	X					
Trading inventory/stock will be treated as?						
Money generated from the sale of stock (clothes) will be treated as?						
Profit gained from the sale of clothes will be treated as?						
Payment of rent will be treated as?						
The money which our customers (Debtors) owe our business will be treated as?						

The correct answers are highlighted in brackets in the following sub-topics from 5.4.1 to 5.4.5

5.4.1 Trading stock (Asset)

The results from Figure 5.3 indicate that 63.9% of the respondents were correct and a total of 36.1% were incorrect. The incorrect responses of the respondents constituted liabilities (9.8%), expenses (3.3%), income (8.2%), owner's equity (4.9%) and 9.8% stated that they do not know the answer. The findings are in collaboration with the responses in question 5.3.2.5, which the majority of the participants stated that they understand the term "assets" when recording transactions. Therefore, the findings suggest that micro-entrepreneurs significantly understand assets when recording transactions.

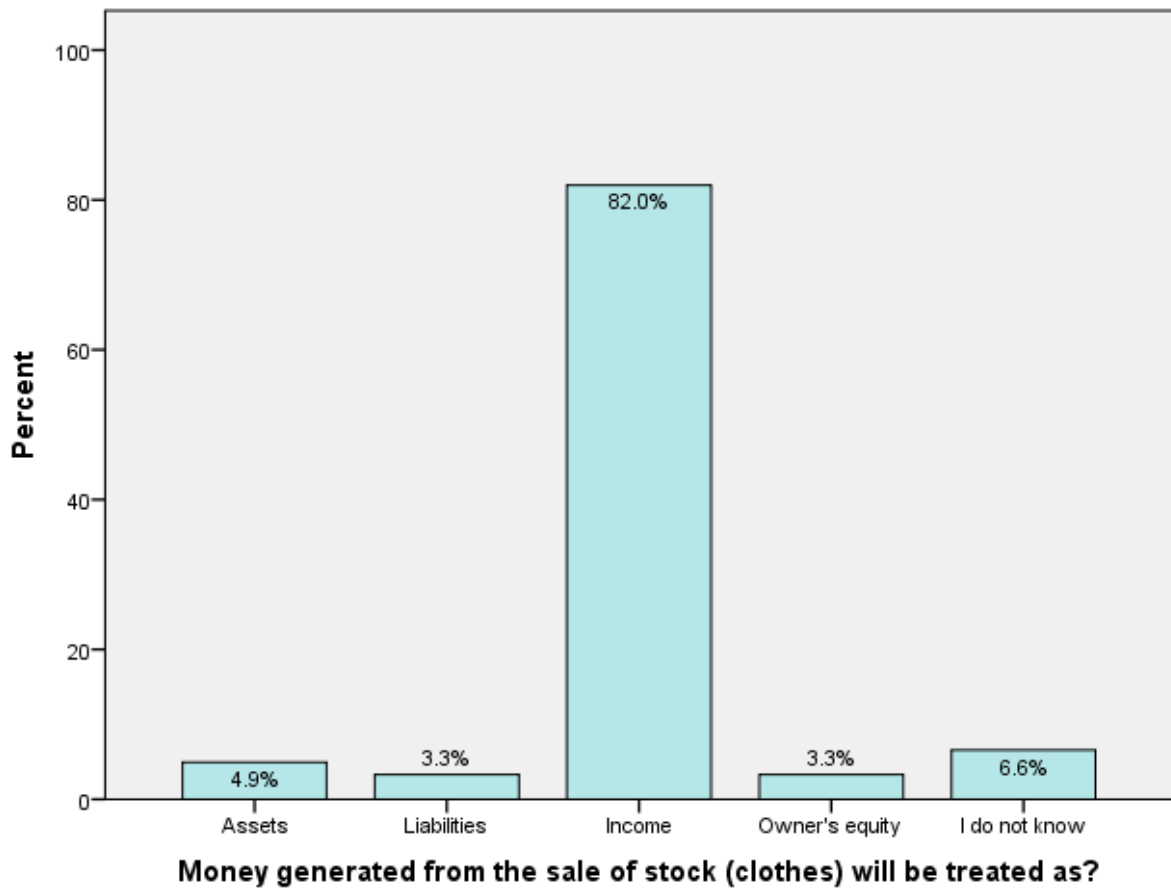
Figure 5.3 (Field work): Trading stock



5.4.2 Money generated from sales (Income)

As illustrated in Figure 5.4, most (82.0%) of the respondents were able to identify that money generated from sales is referred to as "Income". The least 18.0% of the respondents incorrectly identified money generated from sales as: assets (4.9%), liabilities (3.3%), owner's equity (3.3%) and 6.6% did not know the answer.

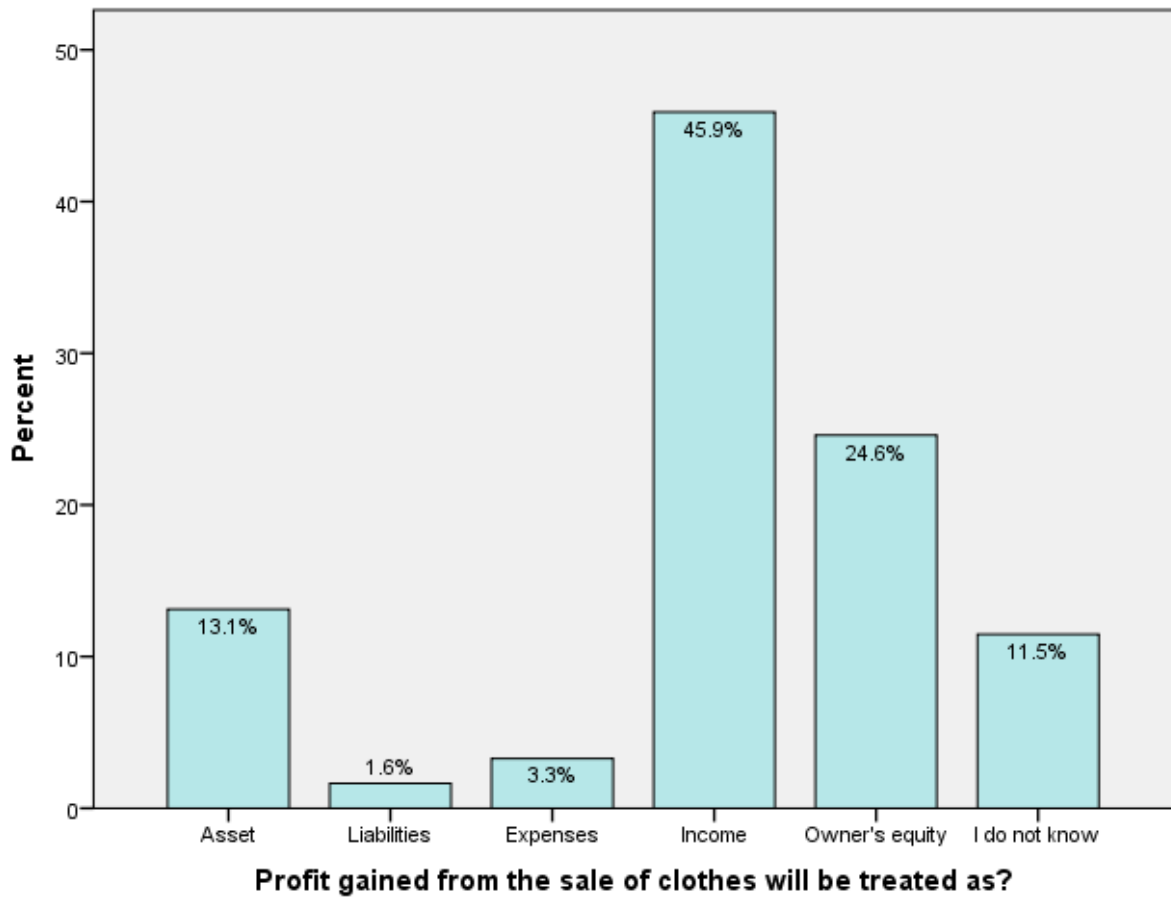
Figure 5.4 (Field work): Money generated from sales



5.4.3 Profit gained (Owner's equity)

From Figure 5.5, the majority (45.9%) of the respondents incorrectly identified profit gained from the sale of clothes as income. Some of the respondents also incorrectly identified owner's equity as: assets (13.1%), liabilities (1.6%), expenses (3.3%) and the rest 11.5% did not know. Only 24.6% of the respondents correctly identified profit gained from sales as 'owner's equity'. The results suggest that micro-entrepreneurs are unable to differentiate between owner's equity and income. Failure to differentiate between profit and income might lead to an assumption that micro-entrepreneurs are making profit while they are not making profit.

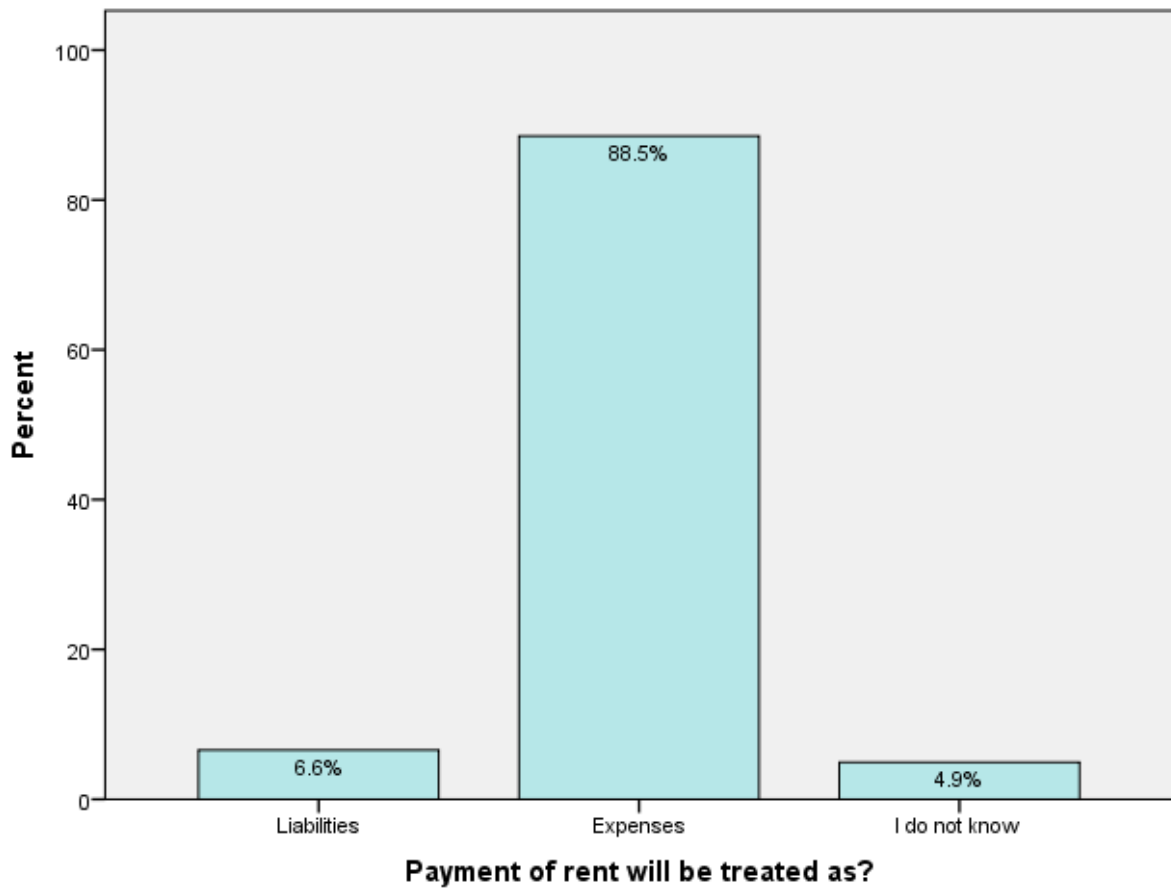
Figure 5.5 (Field work): Profit gained



5.4.4 Rent payment (Expense)

As revealed in Figure 5.6, the majority (88.5%) of the respondents were correct in stating that rent paid is treated as an expense while the remainder (6.6%) incorrectly identified rent payment as a liability and 4.9% did not know the answer. Similarly to Question 5.3.2.8, the majority of respondents were knowledgeable about expenses; therefore it is evident that most micro-entrepreneurs are able to identify expenses when recording business transactions.

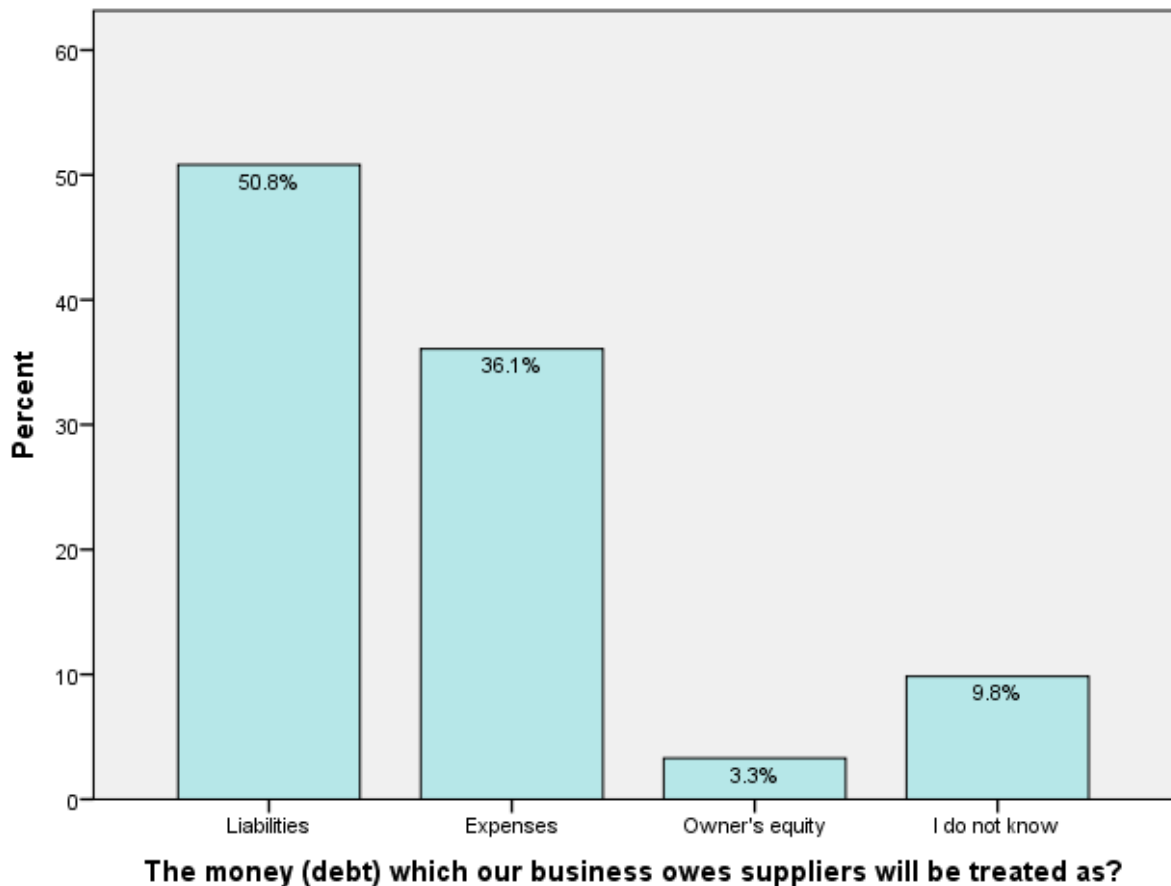
Figure 5.6 (Field work): Rent payment



5.4.5 Debt (Liability)

From Figure 5.7, slightly above half (50.8%) of the respondents were correct in stating that the debt owed by a business is a liability and slightly below half (49.2%) were incorrect in providing the following responses referring to a debt as: expenses (36.1%), owner's equity (3.3%) and 9.8% did not know the answer.

Figure 5.7 (Field work): Debt



Conclusion

In conclusion, the majority of micro-entrepreneurs were exceptionally knowledgeable about expenses and income while a moderate understanding was reflected on assets and liabilities. The respondents had a fair understanding of owner's equity. Although a remarkable understanding of income was reflected, it was found that micro-entrepreneurs had challenges in differentiating between income and owner's equity. The majority identified owner's equity as income. Next, data presentation on the second objective of the study is considered.

5.5 Section B: Bookkeeping execution

In this section, questions pertaining the second objective of the study "to evaluate whether bookkeeping skills are put into practice within the retail clothing industry in their daily business transactions" were asked using a five-point Likert-scale (1-Never, 2-Rarely, 3-Sometimes, 4-Often, 5-Always) method. Respondents were asked to indicate the frequency of executing the following bookkeeping duties;

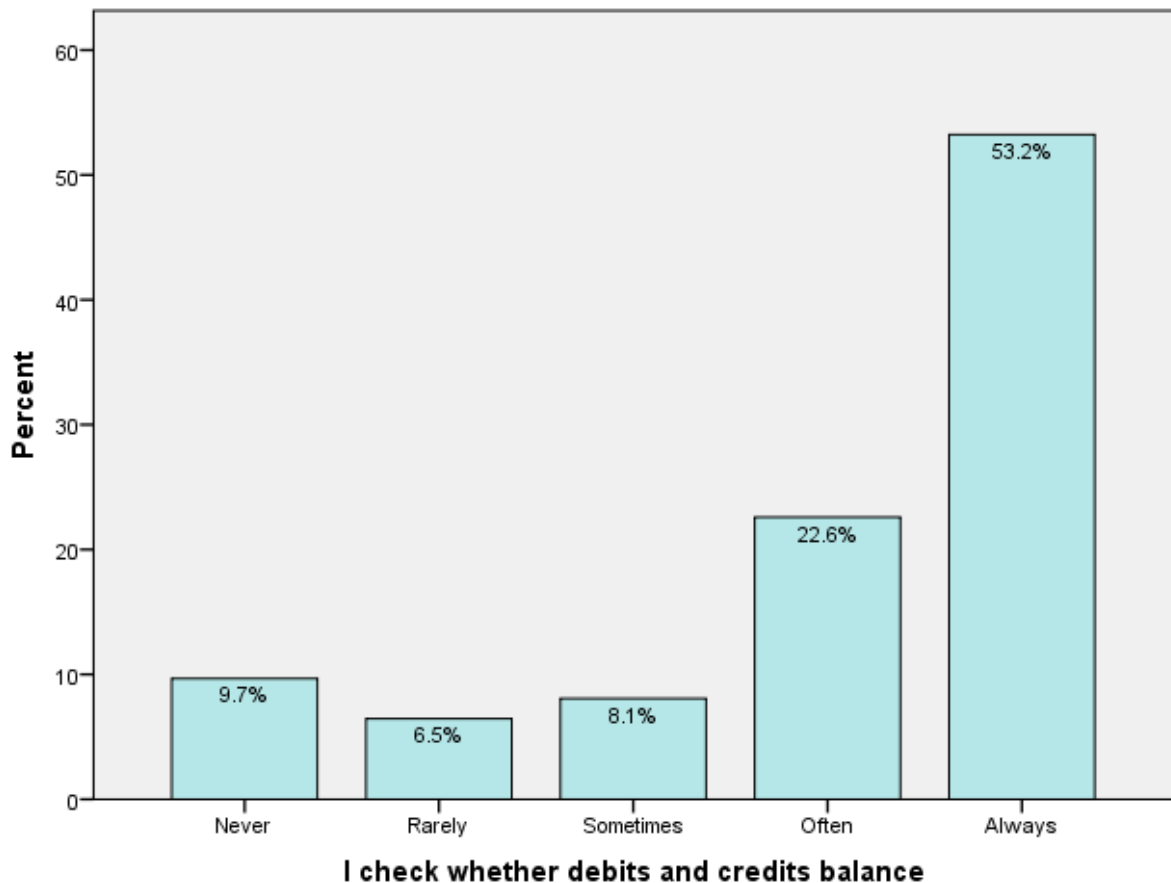
- Checking whether debits and credits balance

- Adjustments of accounts
- Record all business cash inflows and outflows
- Classify accounts
- Draft a trial balance
- Record withdrawals
- Process invoices
- Tax calculation

5.5.1 Credits and debits

As displayed in Figure 5.8, three quarters (75.8%) (Always = 53.2% and Often = 22.6%) of the respondents often or always checked whether credits and debits balance when recording business transactions. A total of 14.6% (Rarely = 6.5% and Sometimes = 8.1%) of the respondents sometimes or rarely checked whether debits and credits balance while 9.7% of the participants never checked whether credits and debits balance. The findings suggest that the majority of micro-entrepreneurs practise bookkeeping in terms of credits and debits.

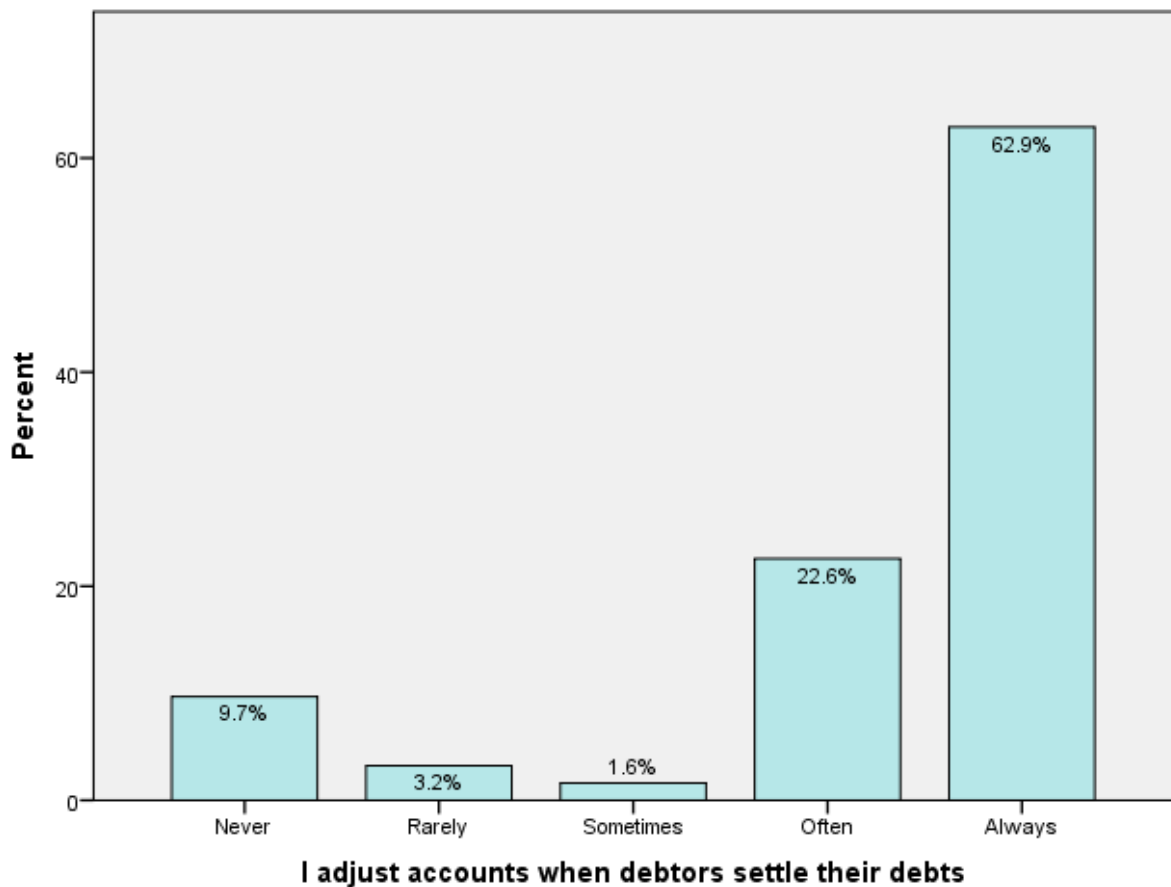
Figure 5.8 (Field work): Credits and debits



5.5.2 Account adjustment

It is evident from Figure 5.9, that the majority of 85.5% (Always = 62.9% and Often = 22.6%) of the respondents adjust their business accounts when debtors settle their debts. The minority of 4.8% (Rarely = 3.2% and Sometimes = 1.6%) of the participants rarely or sometimes adjust their accounts when debtors settle their accounts while 9.7% never account for transaction adjustments. The results imply that most micro-entrepreneurs update their transactions when debtors settle their accounts.

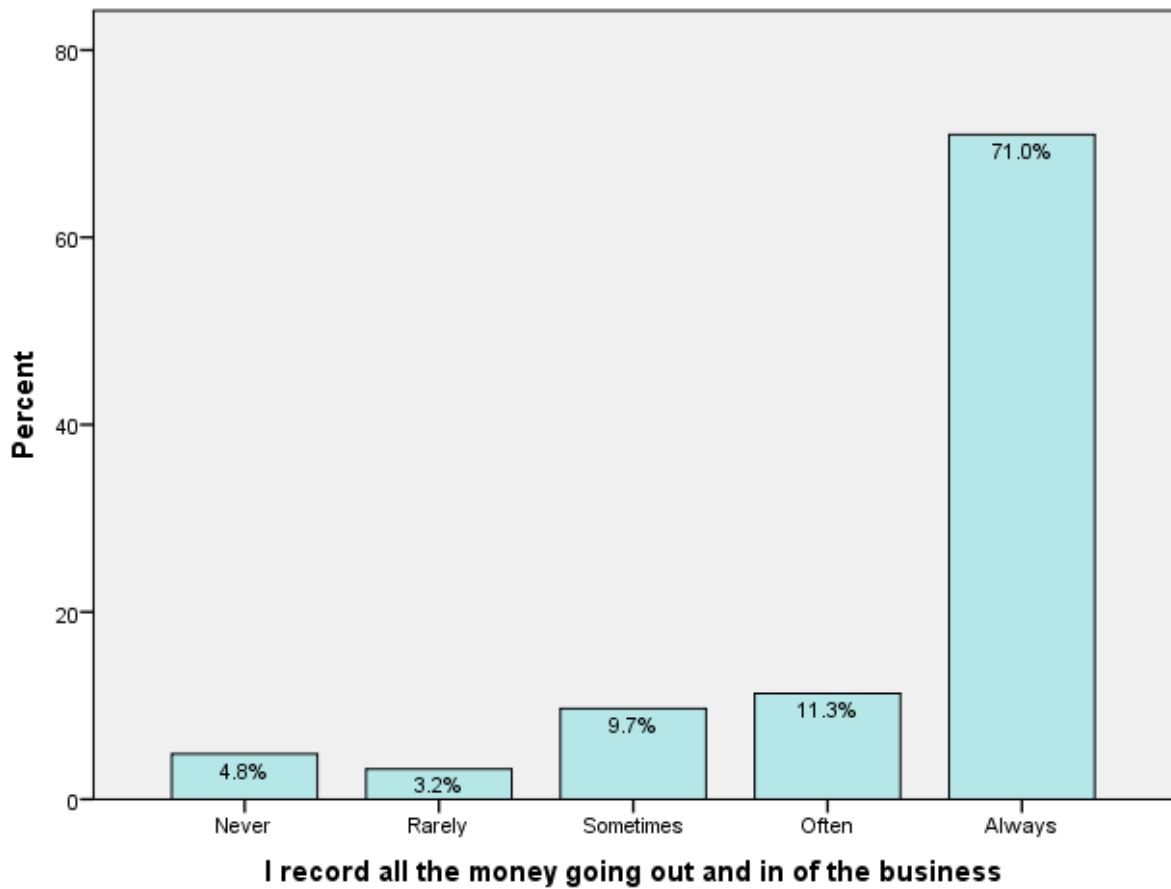
Figure 5.9 (Field work): Account adjustment



5.5.3 Business records

Figure 5.10 indicates that most or 82.3% (Always = 71.0% and Often = 11.3%) of the participants record all monetary inflows and outflows of their business while 12.9% (Rarely = 3.2% and Sometimes = 9.7%) of the participants rarely or sometimes account for money coming in and going out of the business. The remainder or 4.8% of the participants never record monetary inflows and outflows within their enterprises.

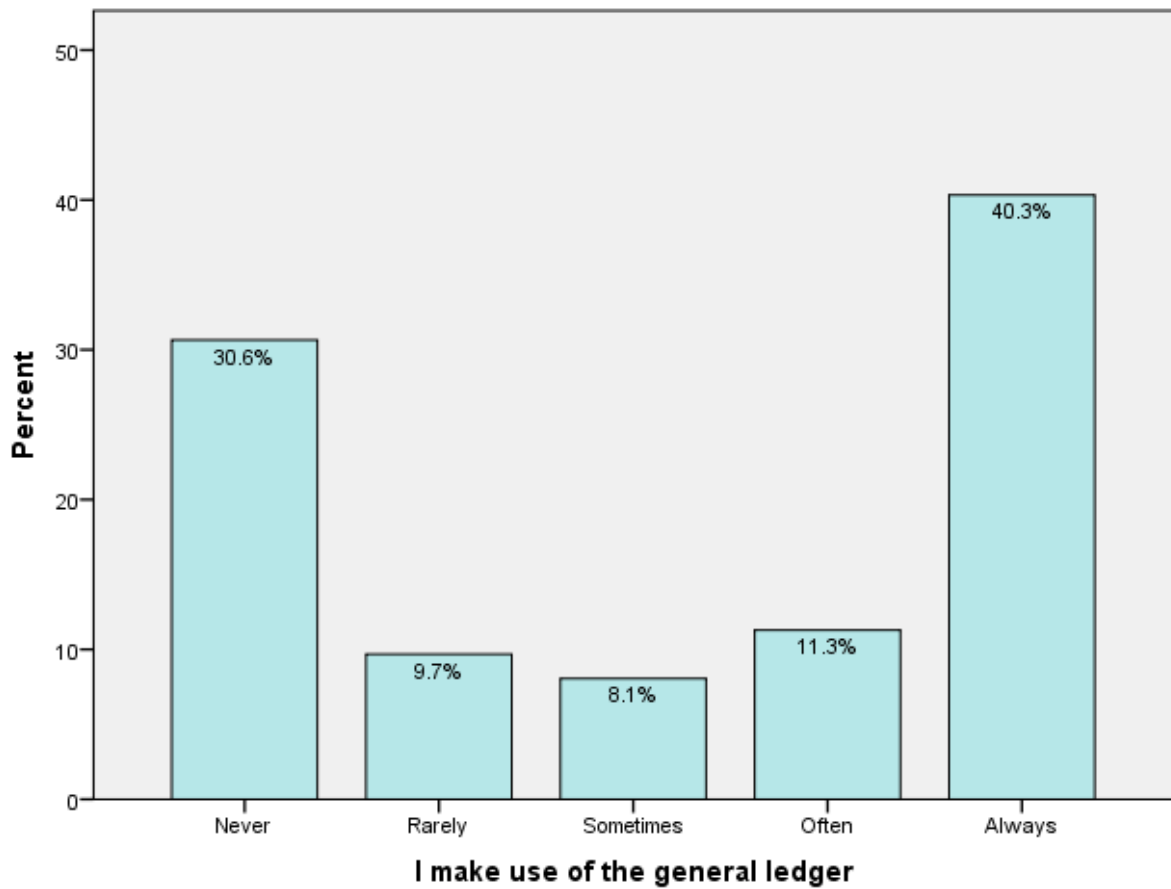
Figure 5.10 (Field work): Business records



5.5.4 Account classification

As presented in Figure 5.11, most or 51.6% (Always = 40.3% and Often = 11.3%) of the respondents make use of general ledger in classification of recorded transactions. The minority or 17.8% (Rarely = 9.7% and sometimes = 8.1%) of the respondents infrequently make use of the general ledger. A total of 30.6% of the respondents never make use of the general ledger.

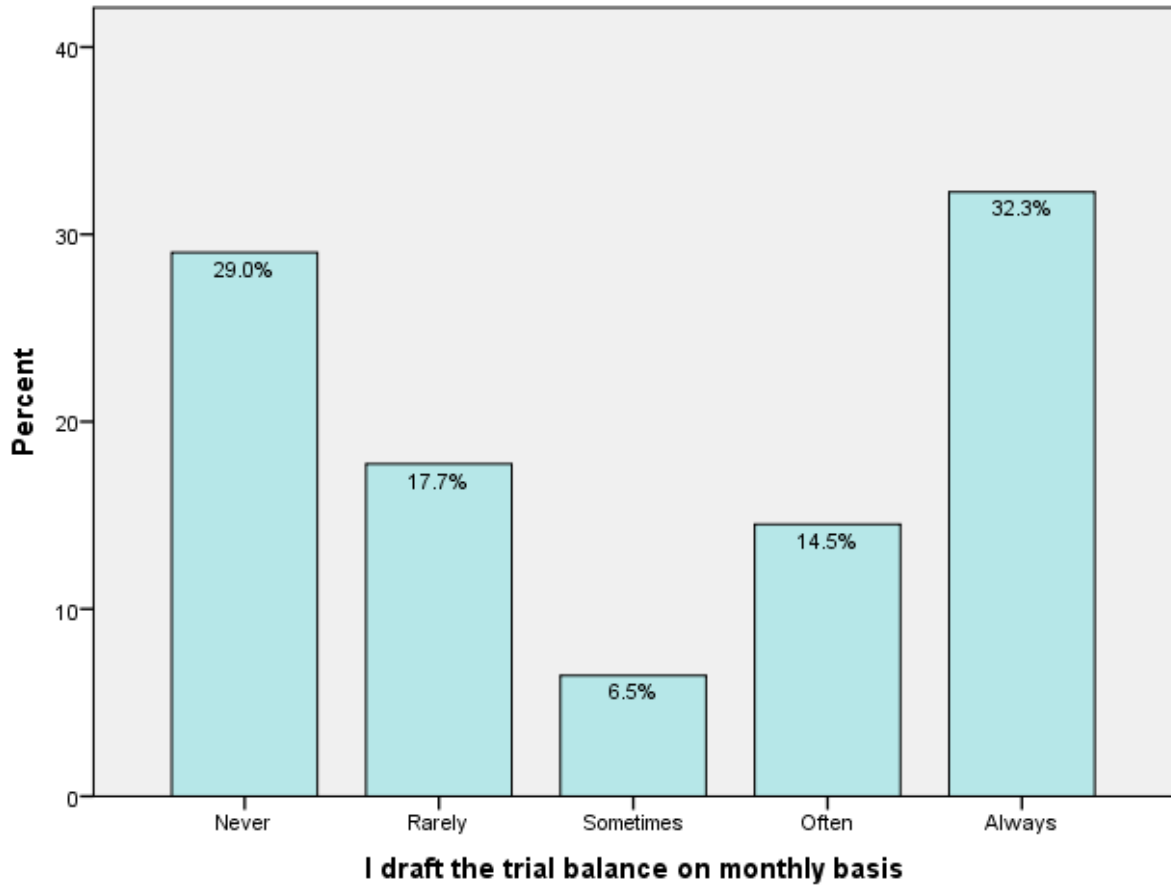
Figure 5.11 (Field work): Account classification



5.5.5 Monthly bookkeeping cycle

Figure 5.12 indicates that a significant percentage of 46.8% (Always = 32.3% and Often = 14.5%) of the respondents drafts the trial balance on monthly basis while 24.2% (Rarely = 17.7% and Sometimes = 6.5%) rarely or sometimes draft the trial balance at the end of each month. The rest, 29.0% of the respondents, do not draft the trial balance on a monthly basis.

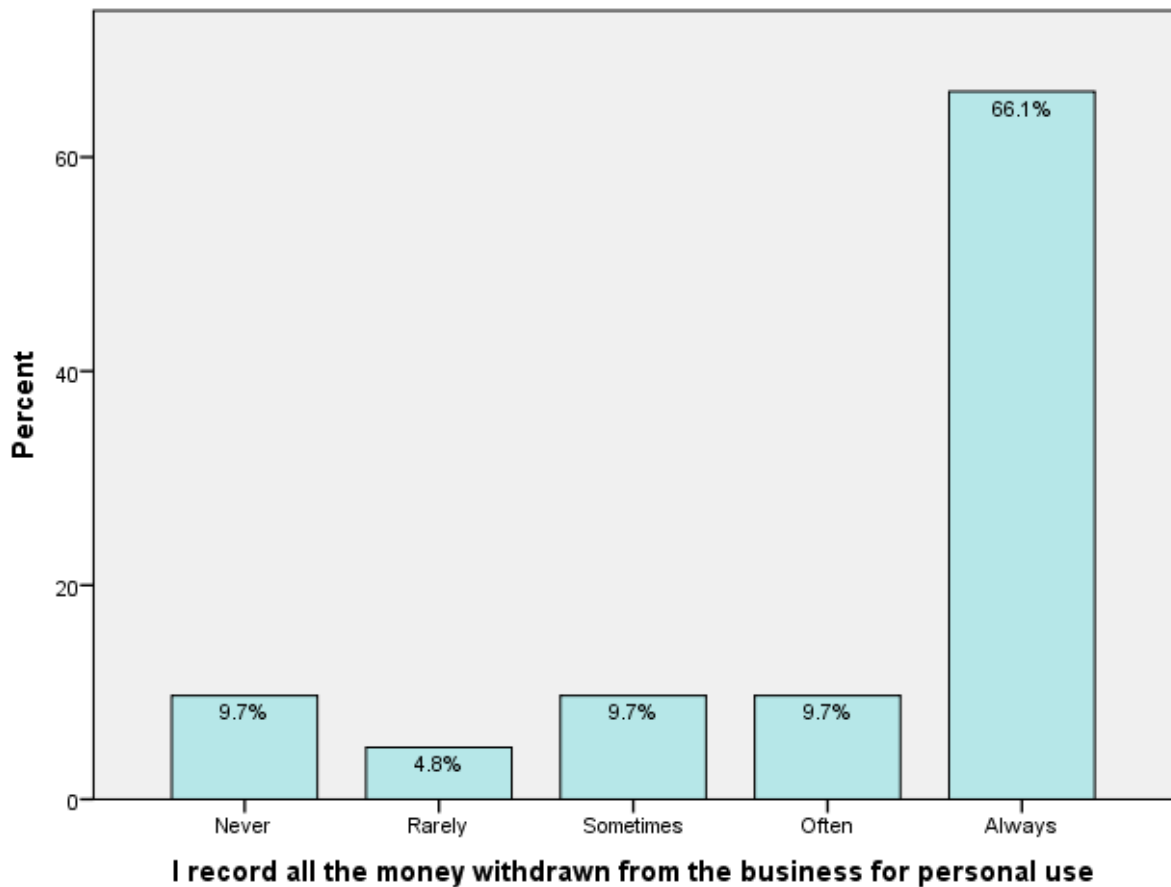
Figure 5.12 (Field work): Monthly bookkeeping cycle



5.5.6 Withdrawals

As shown in Figure 5.13, slightly more than three quarters or 75.8% (Always = 66.1% and Often = 9.7%) of the participants frequently record all the money withdrawn from their business. The minority of 14.5% (Rarely = 4.8% and Sometimes = 9.7%) infrequently records withdrawals while 9.7% never record the money withdrawn.

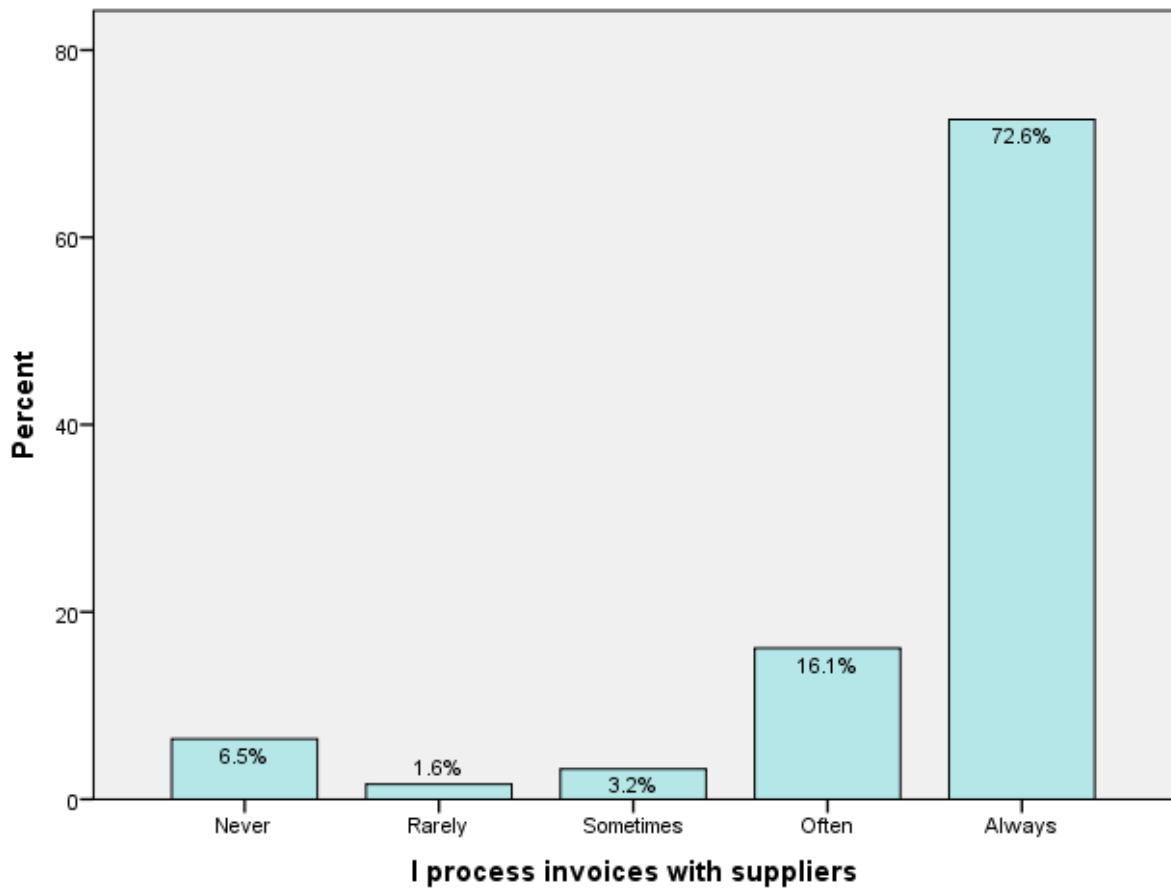
Figure 5.13 (Field work): Withdrawals



5.5.7 Invoices

The findings in Figure 5.14, shows that most or 88.7% (Always = 72.6% and Often = 16.1%) of the respondents constantly process suppliers invoices and a small percentage 4.8% (Rarely = 1.6% and Sometimes = 3.2%) of the respondents rarely or sometimes process invoices with suppliers. The rest (6.5%) of micro-entrepreneurs do not process supplier's invoices.

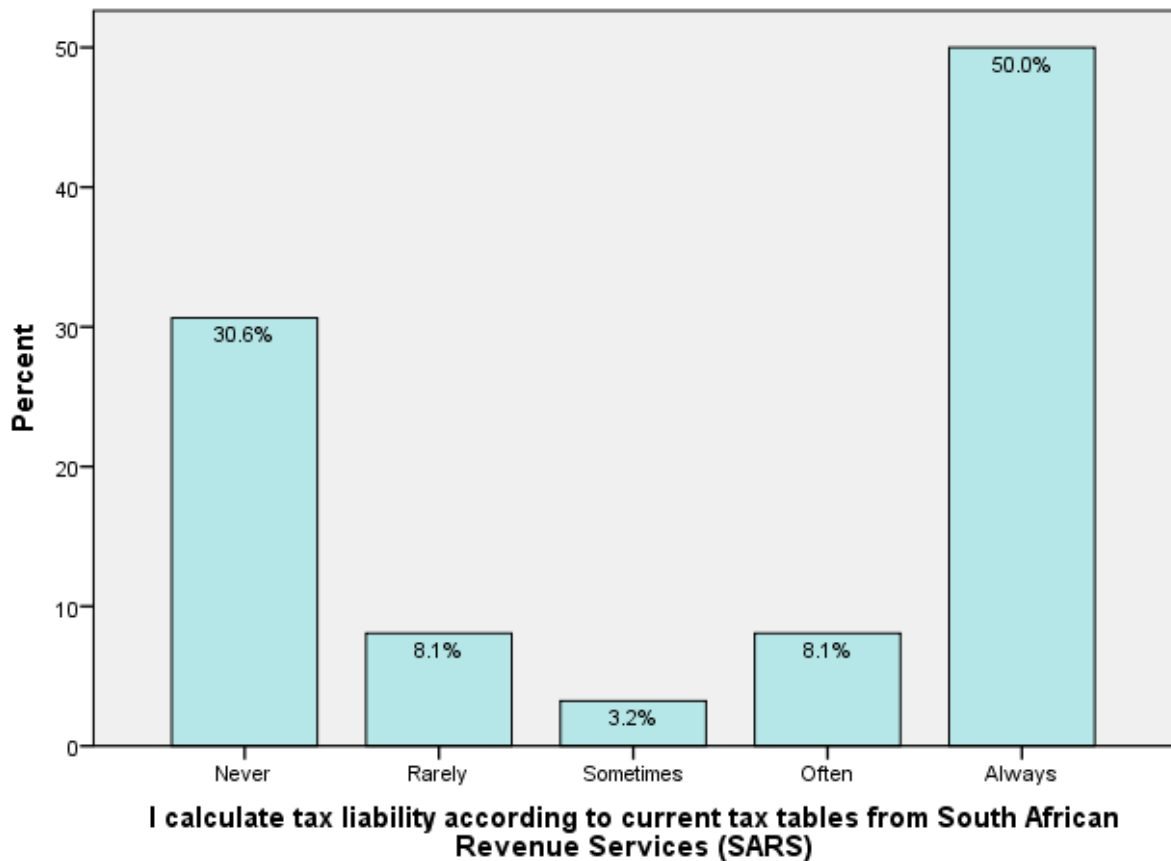
Figure 5.14 (Field work): Invoices



5.5.8 Taxation

The results in Figure 5.15 show that 58.1% (Always = 50.0% and Often = 8.1%) of the participants persistently calculate taxation while 11.3% (Rarely = 8.1% and Sometimes = 3.2%) hardly ever calculate tax liability in accordance with current tax tables provided by the South African Revenue Services. The rest, or 30.6%, of the respondents do not calculate taxation at all.

Figure 5.15 (Field work): Taxation



Response correlation

The majority of the respondents' responses on the practices of bookkeeping had a low correlation with a minimum correlation of 0.11 between recording withdrawals and drafting a trial balance, followed by 0.37 between cash inflow and outflow records and account adjustment when debtors pay their debts, 0.38 between processing invoices for suppliers and recording withdrawals, 0.39 between make use of a general ledger and recording cash inflows and out flows. There were sets of responses with the highest correlation, 0.80 between making use of general ledger and drafting trial balance and 0.57 between account adjustment and checking debits and credits whether they balance. It can be concluded that micro-entrepreneurs' responses were diverse. This implies that micro-entrepreneurs operate their businesses differently when it comes to bookkeeping execution. The following section considers the bookkeeping system utilised by micro-entrepreneurs in executing bookkeeping duties.

5.6 Method of capturing records

In this section, questions pertaining to the bookkeeping systems used by micro-entrepreneurs were asked based on three categories: electronic bookkeeping system, manual bookkeeping system and dual bookkeeping system, whereby both electronic and manual bookkeeping are used simultaneously. Firstly, participants answered the question on which bookkeeping system they use within their businesses, then the respondents' sub-questions answered were determined by the bookkeeping system used by the participants. Respondents who use an electronic bookkeeping system answered sub-questions on electronic bookkeeping systems while those using the manual bookkeeping system answered sub-questions on manual record-keeping systems and those using both bookkeeping systems answered all the sub-questions on both methods of capturing records. The following sub-questions under the main question "How do you record your accounts" were asked:

Electronic

- Have you received any accounting software?
- Do you think you need further training for the accounting software used in your business?
- Have you a recorded debit note using the accounting software?

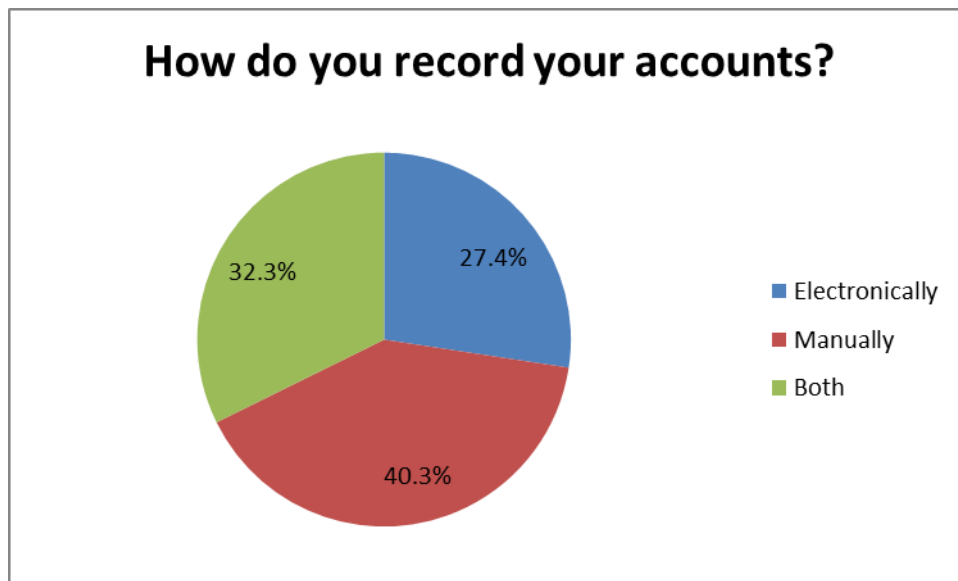
Manual

- Do you apply accounting principles when recording your transactions?
- Do you separate expenses from sales when recording your transactions?
- Have you received any training on manual bookkeeping?

5.6.1 Accounting bookkeeping system

Out of 62 micro-entrepreneurs, 40.3% used a manual bookkeeping system; 27.4% captured their transactions electronic and 32.3% used both a manual and an electronic record-keeping system (Figure 5.16). The results suggest that the majority of the participants use manual bookkeeping or both manual and electronic, with minimum use of an electronic bookkeeping system.

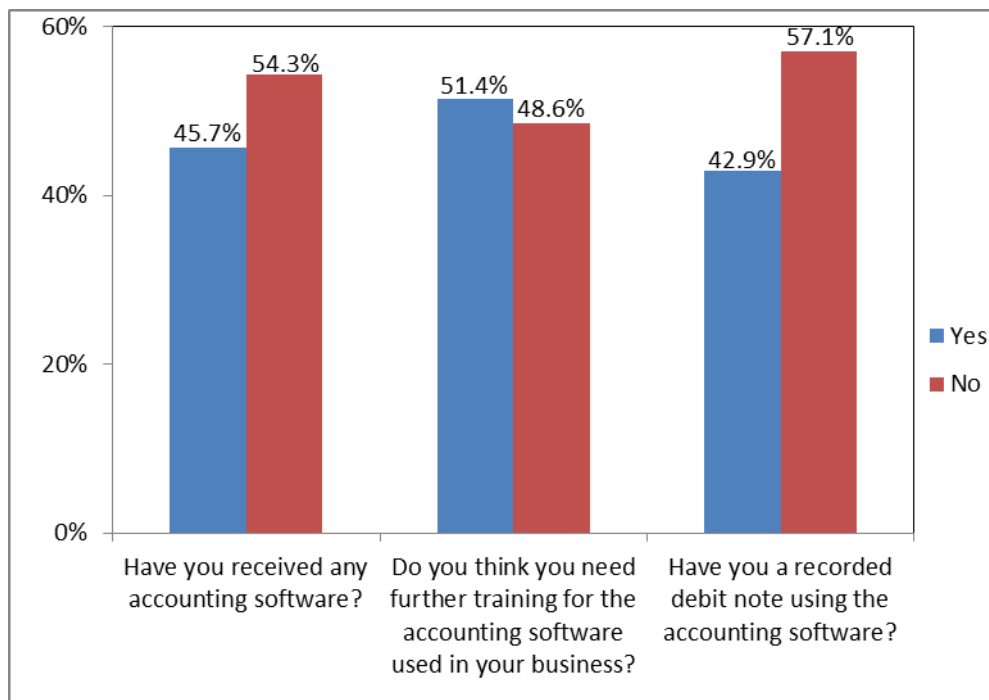
Figure 5.16: Accounting bookkeeping system



5.6.1.1 Electronic bookkeeping system

From Figure 5.17, the majority (54.3%) of the respondents utilising electronic bookkeeping system did not receive any accounting software training and 45.7% of the respondents received the accounting software training. Above half (51.4%) of the respondents did not need additional accounting software training while 48.6% of the respondents needed additional accounting software training. Credit note and debit note capturing, each constituted 57.1% of the respondents who have never recorded a debit note or credit note and 42.9% of the respondents who have recorded debit note or credit note. The results suggest that software knowledge is one of the determinants of bookkeeping practices as micro-entrepreneurs without sufficient accounting software expertise had difficulties in executing bookkeeping duties. Additionally, provided that micro-enterprises received returned goods from customers or they returned goods to suppliers but did not record a credit note or debit note results in having inaccurate financial information and probably lost some money in the process.

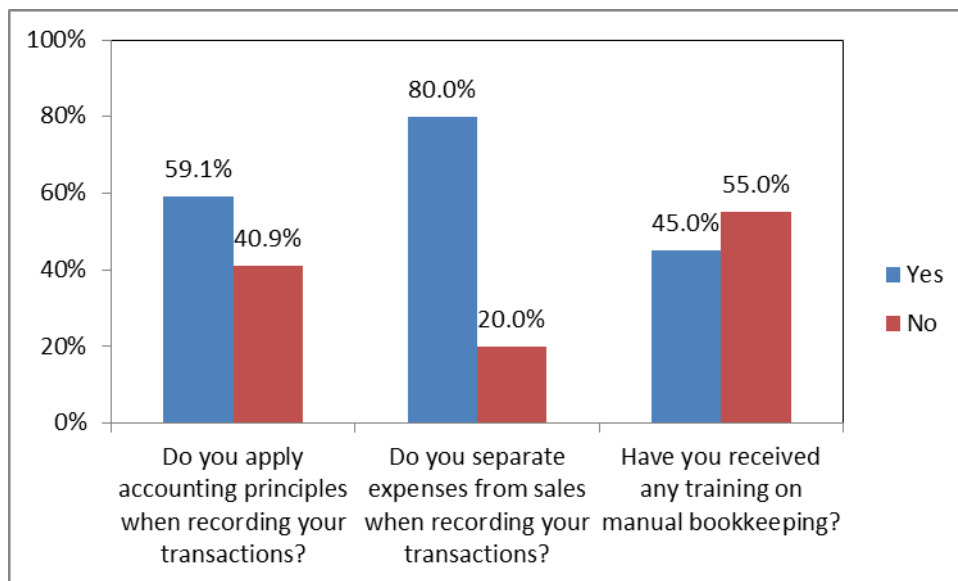
Figure 5.17 (Field work): Electronic bookkeeping system



5.6.1.2 Manual bookkeeping execution

Figure 5.18 shows that 55.0% of the participants did not receive manual bookkeeping training while 45.0% of the participants had received manual bookkeeping training. It is evident from Figure 5.17 that the majority (59.1%) of the respondents apply accounting principles when recording business transactions while 40.9% did not apply accounting principles when capturing transactions. The findings suggest that micro-entrepreneurs understand the significance of accounting principles. The results on separation of sales from expenses indicate that the majority 80.0% of the respondents, separate sales from expenses when recording transactions while 20.0% of the respondents did not separate expenses from sales on business transactions.

Figure 5.18 (Field work): Manual bookkeeping system



Conclusion

The majority of micro-entrepreneurs, remarkably, execute the following bookkeeping duties: balancing of credit and debit entries, account adjustment, capturing all cash inflows and outflows, recording business withdrawals, and processing suppliers' invoices. However, micro-entrepreneurs fairly classify accounts in the general ledger and draft the trial balance on a monthly basis. Micro-entrepreneurs utilise a manual bookkeeping system or electronic bookkeeping and/or both bookkeeping systems. The majority of micro-entrepreneurs utilise manual bookkeeping with an application of accounting principles.

5.7 Section C: Micro-entrepreneurs bookkeeping perception

In this section, interview questions were asked based on the last objective of the study which is to understand how micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance in Cape Town. Thematic analysis, which entails the process of data reduction by focusing on repeated words or phrases on respondents responses, was used to analyse data on this section. All interview questions were analysed based on themes so as to formulate a mathematical presentation of data. The following questions were asked:

- What is the role of bookkeeping in your business?
- Can a business survive without bookkeeping?
- Can bookkeeping be done by anyone or there is a need for an expert (accountant or bookkeeper)?
- Is bookkeeping the most important skill needed within a business?

5.7.1 Role of bookkeeping

Respondents were questioned about the role of bookkeeping within their businesses and a wide range of responses were given. Some of the responses were overlapping as respondents provided more than one role of bookkeeping within their retail clothing enterprises. These included: to manage the flow of cash in and out of the business, to calculate profit, for decision making, for forecasting, to show whether the business is growing or not, to prepare financial statement, to record sales, expenses and tax owed. However, the outstanding common responses among respondents in relation to the role of bookkeeping within their enterprises were to calculate profit, track expenses, to keep records for future purposes, measure business growth, cash inflows and outflows and to prepare financial statements. Therefore, the following themes were formulated:

- Calculate profit
- Track expenses
- Keep records for references
- Business growth
- Cash inflows and outflows
- Financial statements

5.7.1.1 Calculate profit

The results indicate that a significant percentage (29.6%) of the respondents execute bookkeeping within their micro-enterprises with the aim to calculate profit. Participants indicated that profit calculation helps in monitoring the business status, ensuring that the business is operated correctly and decision making on determining whether the business is still viable. These findings suggest that one of the primary reasons why micro-entrepreneurs in the clothing retail industry record business transactions is for profit calculation and other bookkeeping purposes are of secondary motives. The following are some of the responses from the interviews conducted:

“Gives us facts on figures to tell us where we are in our business, whether we are making profit or loss”

“Making sure that you know whether you are making a profit or a loss”

“To calculate profit”

“To keep track of money coming in and out of the business so that I know what cash flow is over or under. Also to see whether the business is making profit or not”

“To monitor the business status and assess as to whether or not the business is making money that is profit or loss”

“To see if you are making a profit or a loss to make sure the company is running correctly and is still viable”

5.7.1.2 Track expenses

Out of 54 participants, 20.4% of the micro-entrepreneurs stated that the role of bookkeeping within their businesses was to track expenses. The respondents indicated that tracking expenses helps in managing stock, determining whether the business is making progress, managing finances and decision making on required adjustments. Therefore, the findings suggest that almost a quarter of the retail clothing micro-enterprises keep records so as to track expenses primarily for business decision-making. Below are some of the responses from the interviews conducted with the participants in relation to tracking business expenses:

“Bookkeeping assists me in determining whether or not progress of the business is stable and to establish the total expenses of the business in order to adjust”

“To collect data regarding sales, credits and purchases, control expenses, know which product to sell, know the health of the business”

“Managing all stock, expenses and income”

“To keep track of all expenses and money going in and out of the business”

“To record and keep track of the business profit and various expenses, ensuring that expenses and income are at break-even and no money is being lost on monthly basis”

“To understand your income and expenses and check whether the business is still viable”

5.7.1.3 Keep records for references

It is revealed from the interview responses that 20.4% of the respondents record transactions in their businesses with an aim to keep financial records for reference purposes. The following are some of the stated reasons to keep records for reference purposes by participants: to have information at any given moment if required or when required, for financial updates, make business related decisions, to keep track of all expenditure and for evidence. The results imply that business owners within the clothing retail industry make use of records for both non-financial and financial purposes with an objective to promote business transparency and business success. The respondents stated the below roles of bookkeeping in their business:

“To enable one to have information at any given moment if required or when required”

“To keep all of transaction and make sure make sure all invoices are kept”

“Helps in financial updates”

“Keep financial records and make business related decisions”

“Serves to keep the business financial information on record, keeping track of all expenditure etc”

“To understand the money transaction in business and evidence”

5.7.1.4 Business growth

Only 7.4% of the respondents execute bookkeeping with an objective to measure business growth. Record keeping helped the respondents to determine whether the business is progressing or is there a need to adjust to enhance growth. Also, bookkeeping permits the participants to give a book value of the business. It is evident that bookkeeping is least used as a measure for business growth by micro-entrepreneurs. Below are some of the quoted responses from the interviews conducted with the respondents:

“It assists in determining whether or not progress of the business is stable and to establish the total expenses of the business in order to adjust”

“It show us if we are growing as a business or not”

“Records, measures growth”

“Cross checking the transactions and to record daily income/expenses. To give a book value of the company”

5.7.1.5 Cash inflows and outflows

16.7% of the respondents indicated that the role of bookkeeping in their businesses was to determine cash inflows and cash outflows. Bookkeeping enabled respondents to manage finances, interpret properly cash inflows and outflows and track all finances in general. The implication of the results is that cash inflows and outflows enable respondents to manage their finances efficiently. The following are some of responses from the interviews conducted:

“Bookkeeping is a very important aspect of business records of monies in and out of the business. It should be kept and maintained”

“Allows one to manage the flow of cash in and out of the business”

“To interpret properly what is coming in and what is going out”

“To keep track of incoming and outgoing monies”

“To keep track record of money coming in or going out of the business.”

5.7.1.6 Financial statements

The least 3.7% of the respondents carried out bookkeeping for the purpose of formulating financial statements. Although within the accounting field, bookkeeping is primarily for formulating financial statements. The results propose that most of micro-entrepreneurs did not prepare financial statements or used bookkeeping for financial statements formulation. The respondents quoted the following statements as a role of bookkeeping in their business:

“To prepare records and prepare financial statement”

“For drafting income statement and balance sheet.”

The rest of the respondents gave a wide range of answers which were not in correlation with the formulated themes on the role of bookkeeping within the retail micro-enterprises in the clothing industry. The reason for the following participants' responses being not among the

themes formulated was because they were either vague or rare in relation to the common responses. These included the role of bookkeeping as to ensure that the business is running smoothly, to be knowledgeable about sales, to keep control and forecast future business plans.

“To ensure that the business running smoothly”

“To know how much was sold”

“To keep your business healthy”

“Only way to keep control”

“Makes planning easier, help to forecast the future of the business.”

Conclusion

In conclusion, most of micro-entrepreneurs practise bookkeeping for the following purposes: to calculate profit, to track expenses, to keep records for references, to measure business growth, to track cash inflows and outflows and to prepare financial statements. The outstanding roles of bookkeeping were to calculate profit followed by tracking expenses and keeping records for references. A medium number of micro-entrepreneurs execute bookkeeping to identify cash inflows and outflows while the least number of micro-entrepreneurs record transactions for the purpose of preparing financial statements and measuring business growth. The remainder of micro-entrepreneurs proposed that the role bookkeeping is to ensure that the business is running smoothly, to be knowledgeable about sales, and it helps in forecasting business future plans. Therefore, micro-entrepreneurs perceive bookkeeping’s role as to track expenses, to calculate profit, to keep records for references, to measure business growth, to track cash inflows and outflows and to prepare financial statements.

5.7.2 Business survival

In this question, the data was divided into two major themes: the respondents who perceived that a business can survive without bookkeeping and the respondents who perceived that a business cannot survive without bookkeeping. The respondents with the major theme that “a business cannot survive without bookkeeping” was further divided into the following sub-themes: monitor finances, profit calculation and business success. On the other hand, the

major theme that “a business can survive without bookkeeping” was not subdivided into sub-themes because they were the least number of respondents with this perception.

5.7.2.1 Business cannot survive without bookkeeping

The results indicated that 81.5% of the respondents perceived that a business cannot survive without bookkeeping. The 81.5% constituted 44 respondents out of a total number of n=54 respondents who were interviewed. The major reasons behind the importance of bookkeeping were to monitor finances, to calculate profit and to promote business success. Therefore, the following themes were formulated:

- Monitor finances
- Profit calculation
- Business success

The data deduced from the above sub-themes were based on 44 respondents under the major theme “Business cannot survive without bookkeeping” to make up 100%, excluding the 10 respondents under the major theme “Business can survive without bookkeeping”.

5.7.2.1.1 Monitor finances

22 out of 44, thus 50.0% of the respondents, stated that a business cannot survive without bookkeeping because failure to monitor finance leads to business failure. The findings indicate that monitoring finances enables a business to be sustainable financially, plan on what stock to buy, avoid monetary omissions, differentiate between important and unimportant expenditure and keep track of funds. It is evident that the majority of micro-entrepreneurs perceived bookkeeping as a monetary monitoring tool within their businesses. The following are some of the responses from the interviews conducted with the respondents:

‘No, a business needs to be sustainable financially so they is need for monitoring the cash flow hence the essence of bookkeeping”

“I don't think so because you need to know how much money is used for stock and other unimportant things”

“No, without bookkeeping a business can't monitor its funds”

“No because they will be some wastage of monies and omissions”

5.7.2.1.2 Profit calculation

A quarter (25.0%) of the respondents indicated that a business cannot survive without bookkeeping because record-keeping is essential for profit calculation. Respondents pointed out that profit calculation enabled them to determine whether the business is moving forward or not and to ease them from difficulties associated with failures of record-keeping. The findings suggest that profit calculation and knowing whether the business is making profit or loss is important motive for conducting business. Below are some of the responses from the interviews conducted.

“No the business will not survive but will have difficulties. Business must know if it’s making profit or not”

“No, you will not be able to see if your business is at a loss or making profit”

“No, one would not know what their monthly income needs to be in order to make a profit rather than a loss”

“No, you must know whether you are making a profit and moving forward.”

5.7.2.1.3 Business success

The last quarter (25.0%) of the participants affirmed that a business cannot survive without bookkeeping because failure to practise record-keeping might results in a business not surviving. The respondents gave generic answers such as the following:

“No, if you do not do bookkeeping you are heading towards business failure”

“No, it can be done but won't be successful operation of the business”

“No because bookkeeping is order and without order your business can't run smoothly.”

5.7.2.2 Business can survive without bookkeeping

Although the least (18.5%) number of respondents indicated that a business can survive without bookkeeping, they stated that the business is most likely to fail in the longrun. The implication of the results was that there are some other factors which determine the survival of a business. However, the respondents’ perceptions were that bookkeeping is one of the

essential elements of business success. The following are some of the responses stated by the respondents:

“I think a sole trader can survive without formal bookkeeping; however I believe bookkeeping is essential to a business success- no matter how simplified this process might be”

“Yes but it will be likely be mis-managed and not scalable”

“Yes, but most probably will fail at a later stage”

“Yes, but only if the business is super-successful. If the business falters then bookkeeping is very essential”

“I have, my business has survived without bookkeeping.”

Conclusion

It can be concluded that a business cannot survive without bookkeeping. Most respondents indicated that bookkeeping is essential and a business cannot survive without it. Bookkeeping for the survival of a business is essential for monitoring finances, calculating profit and enhancement of business success. Although the least respondents stated that a business can survive without bookkeeping, there was a perception that survival will not be sustainable in the long run.

5.7.3 Bookkeeping personnel

In this question, respondents were asked with regard to whether bookkeeping can be done by anyone or if there is a need for a professional accountant or bookkeeper. The most common responses were: bookkeeping can be done by anyone, bookkeeping should be done by professional accountant/bookkeeper, bookkeeping can be done by anyone and then an expert checks for accuracy, bookkeeping can be done by anyone who has been trained and bookkeeping can be done by anyone with the help of an expert on taxation. Therefore, five themes were deduced and these are:

- Anyone without training
- An expert (professional accountant or bookkeeper)
- Anyone and accountant or bookkeeper to check
- Trained personnel without bookkeeping or accounting qualification
- Anyone and an expert for tax purposes.

5.7.3.1 Anyone without training

The findings show that 40.7% of the respondents perceive that bookkeeping can be done by anyone without training but with mathematical understanding on calculation of profit. Also, hiring a professional accountant or bookkeeper is expensive, therefore it is preferable for the respondents to execute their own bookkeeping duties. The size and nature of the business was one of the factors identified as a determinant whether to hire a professional accountant or bookkeeper. Sole traders do their own record-keeping and as the business grows there is a need to hire a professional accountant or bookkeeper. Micro-entrepreneurs are mainly sole traders therefore do their own bookkeeping. Below are some of the responses from the interviews conducted:

“I am not an accountant but I understand the numbers and do my own bookkeeping, therefore anyone with some understanding of accounts”

“Anyone so long one understands to calculate profits”

“Can be done by anyone who has a basic knowledge of how profit is made and understands that various transactions made (income or expenses) and ensure that they balance”

“If you know the basics from school or course it can be done by anyone as getting an accountant will be another monthly expense”

“This depends on many aspect of the business such as nature and size etc, however I think anyone can do basic bookkeeping, and for example start-up sole traders do their own bookkeeping as hiring someone will add to expenses”

“it depends on the size of your business and the growth of your business. if you are not going to expand much then anyone can do bookkeeping.”

5.7.3.2 An expert (Professional accountant or bookkeeper

Most (42.6%) of the respondents perceived that a professional accountant or bookkeeper is preferable for record-keeping purposes. Professional accountants or bookkeepers ensure the integrity of data, minimise discrepancies and the risk of messing up the business. The findings suggest that micro-entrepreneurs prefer experts for bookkeeping so as to promote business success and transparent accurate financial records. The following are some of the responses from the respondents:

“It cannot be done by anyone; an accountant is needed as doing it yourself can mess up the business”

“I prefer an expert”

“By an expert to avoid discrepancies that may arise if one is not well informed of what needs to be recorded”

“Must be a bookkeeper or accountant to ensure data integrity”

“No, a person who has knowledge of bookkeeping and accounting is required”

“An expert, people who are trained to do bookkeeping.”

5.7.3.3 Anyone and accountant or bookkeeper to check

7.4% perceived that bookkeeping can be done by anyone; however there is a need for a professional accountant or bookkeeper to check for any irregularities. Additional to checking any irregularities, an expert will process, approve and finalise the transaction entries. See some of the responses from the interviews below:

“Anyone can do bookkeeping but a bookkeeper or accountant is needed to check”

“Anyone who has experience in recording transactions and the expert accountant or bookkeeper can check for irregularities”

“It could be done by someone with basic bookkeeping knowledge and be processed by someone with qualification for example an accountant or bookkeeper”

“Anyone but an expert to give final placing of entries.”

5.7.3.4 Trained personnel without bookkeeping or accounting qualification

Only 5.6% of the respondents indicated that people can be trained to execute record-keeping. The determinant in executing bookkeeping duties was training. The below responses were brought forward from the interviews:

“Anyone can be trained to do bookkeeping”

“Anyone with some training”

“If trained, it can be done by anyone.”

5.7.3.5 Anyone and an expert for tax purposes

The least 3.7% of the participants stated that basic bookkeeping can be done by anyone; however there is a need for an expert to help for tax purposes and verification of information. Below are the responses from the interviews:

“Yes it can be done by anyone. You need an expert to help you with tax if that is not your field. Simple straight bookkeeping can be done by anyone”

“You can do it yourself and use programs but for tax purposes you would need at least an accountant to verify all information.”

Conclusion

The findings indicate that the majority of micro-entrepreneurs perceived that both an expert and/or anyone are preferable for bookkeeping purposes. An expert is preferable in the sense that numerous risks related to bookkeeping which might affect business success are avoided, while an execution of bookkeeping done by “anyone” with or without bookkeeping training is less expensive, hence reduced costs. In addition, a significant number stated that even though anyone can carry out record-keeping, an expert will still be needed for tax purposes and reliability of the information.

5.7.4 Bookkeeping importance

The respondents were asked about their perceptions with regard to the importance of bookkeeping within their businesses. The responses from the interviews were in three categories: bookkeeping is the most important business skill, bookkeeping is one of the most important business skills and bookkeeping is not an important business skill. Under the category “bookkeeping is one of the most important business skills” the majority of the respondents indicated sales as more important than bookkeeping. Therefore the following themes were deduced:

- Bookkeeping is the most important business skill
- Bookkeeping is one of the most important business skill
- Bookkeeping is not an important business skill.

5.7.4.1 Bookkeeping is the most important business skill

The findings indicate that 20.4% of the respondents perceive bookkeeping as the most important business skill. The rationale behind this perception is that bookkeeping enables the respondents to manage expenses and helps in business decision-making. Also, if bookkeeping is not done properly, the overall business is affected negatively. Bookkeeping is also needed especially for a business pursuing growth. Below are some of the responses from the interviews conducted:

“It is especially if you want your business to expand”

“Yes, if your accounts and admin are not in order everything won't go well”

“Yes to manage expenses”

“it is the most important, in my case it helps me in planning what stock I can afford and what's the way forward with the business.”

5.7.4.2 Bookkeeping is not important business skill

A much lower percentage (14.8%) of the respondents perceived that bookkeeping is not an important business skill. The respondents indicated that factors that define an entrepreneur such creativity, resilience, confidence, passion, customer understanding and knowledge of fashion trends within the clothing industry are more important than bookkeeping. The results suggest that some of the entrepreneurs within the clothing retail industry do not recognise the significance of bookkeeping within their businesses. Below are some of the responses from the interviews:

“No, entrepreneurship is essential that is creativity, resilience, confidence and passion. So much more is needed in a business than just bookkeeping-especially in the clothing/creative field”

“No, understanding of customers and what fashion do they prefer at different season is the most important “

“No, the business itself is the most important.”

5.7.4.3 Bookkeeping is one of the important business skill

The highest percentage (64.8%) of the respondents indicated that bookkeeping is one of the important business skills; however it is not the most important. The implications of the results were that other than bookkeeping, there are numerous other skills which are essential to operate a business successful. Among bookkeeping as an important business skill, the respondents highlighted skills such as the ability sell, ability to attract clients, communicate with clients effectively and general business management. The findings suggest that for a business to be operated successfully, bookkeeping cannot be considered as the engine in isolation of other business skills.

“It is one of the most important skills needed because it’s how you manage the business knowing exactly what’s going out and what’s coming in”

“50%, one has to have know-how for the products that are sold and how to deal with clientele”

“It is one of the most important skill in a business however ability to attract customers is the most important as it keeps you in business”

“I would say one of the important skill as many others.”

5.7.4.3.1 Sales

Most of the respondents who indicated that bookkeeping was one of the important business skills required, had the perception that the ability to sell was more significant than bookkeeping. Out of 64.8% of the respondents, 25.9% constituted the respondents who perceived sales as more important than record-keeping. The results imply that most of the respondents consider the ability to make sales as the most important business aspect. Product attractiveness, selling the right product and the ability to maintain customer loyalty were some of the tools highlighted by the respondents to promote sales.

“No, product attractiveness to the customer that is the clothes you sell”

“No, able to sale, right product retail”

“No sales are the most important”

“Yes and No, It is important to make sure a business isn't losing money but even more important is knowing how to make sales that become the company's income and make as much profit as you can”

“No, the most important skill is to keep your customers.”

Conclusion

It was established that micro-entrepreneurs perceived profit calculation as the most important role of bookkeeping. Micro-entrepreneurs were with the view that bookkeeping should be undertaken by an expert (accountant or bookkeeper). However, the majority of micro-entrepreneurs executed bookkeeping duties due to financial constraints to hire professionals. The majority of micro-entrepreneurs' perceptions were that a business cannot survive without bookkeeping. The ability to sell was perceived as the most important business aspect compared to bookkeeping and other skills. The rationale behind this was that bookkeeping cannot exist in isolation of sales. Next, the general information of the study is considered.

5.8 Section D: General information

Section D of the questionnaire comprised general information about the respondents namely gender, nationality, age, level of education and the number of employees within the clothing retail micro-enterprises.

5.8.1 Gender

As presented in Table 5.10, the participants, 32.3% consisted of males and 67.7% of females. The majority of the respondents were females compared to males.

Table 5.10 (Field work): Respondents' gender

Respondents' gender			
Sections	Frequency	Percentage	Cumulative percentage
Male	20	32.3%	32.3%
Female	42	67,7%	100.00%
Total	62	100.00%	

5.8.2 Nationality

Figure 5.19 shows that the respondents consisted of 77.4% South Africans and 22.6% of Non-South Africans. Figure 5.20 also shows that Non-South Africans comprised respondents from the following nationalities: Australia (1.6%), Bangladesh (3.2%), Britain (3.2%), Congo (1.6%), Zimbabwe (4.8%) and (8.2%) did not specify their nationality. The results suggest that the majority of the respondents were South Africans; hence the objective to mainly analyse bookkeeping within businesses owned by South Africans was achieved.

Figure 5.19 (Field work): Nationality

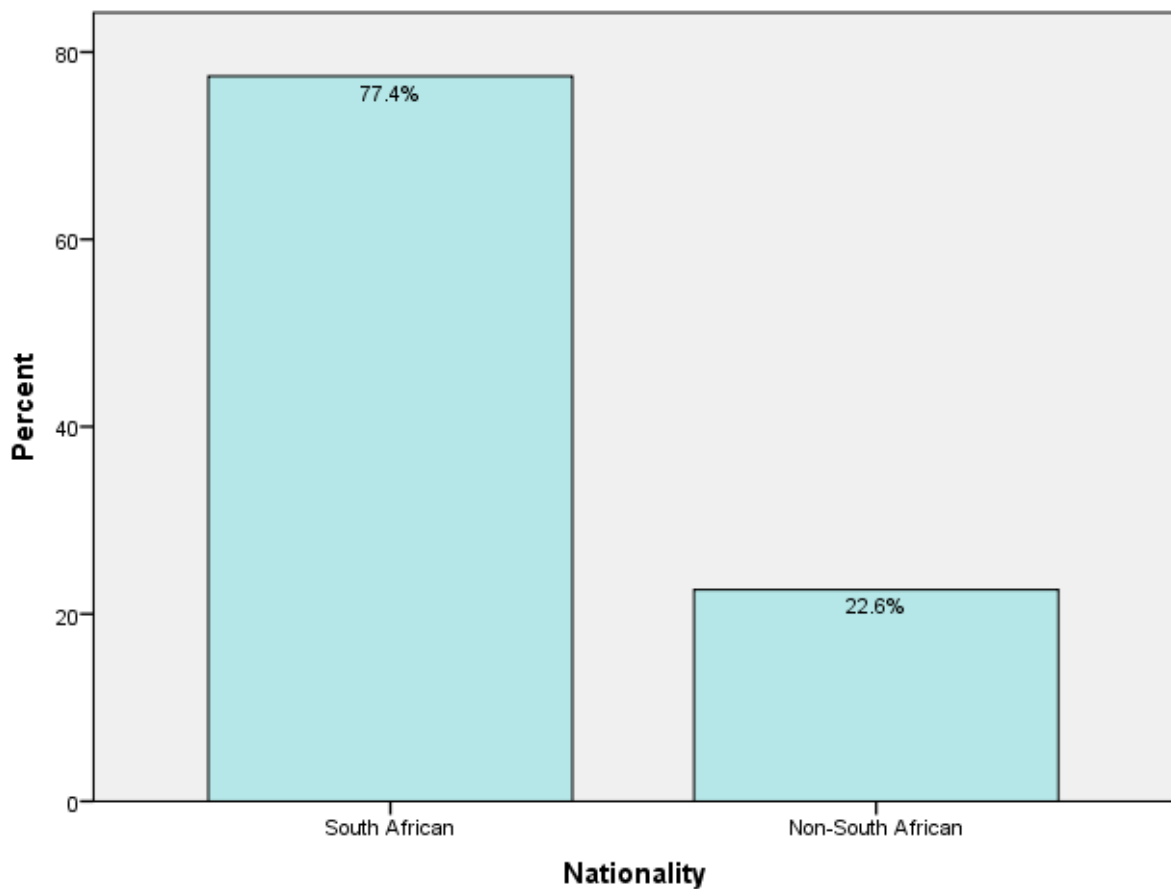
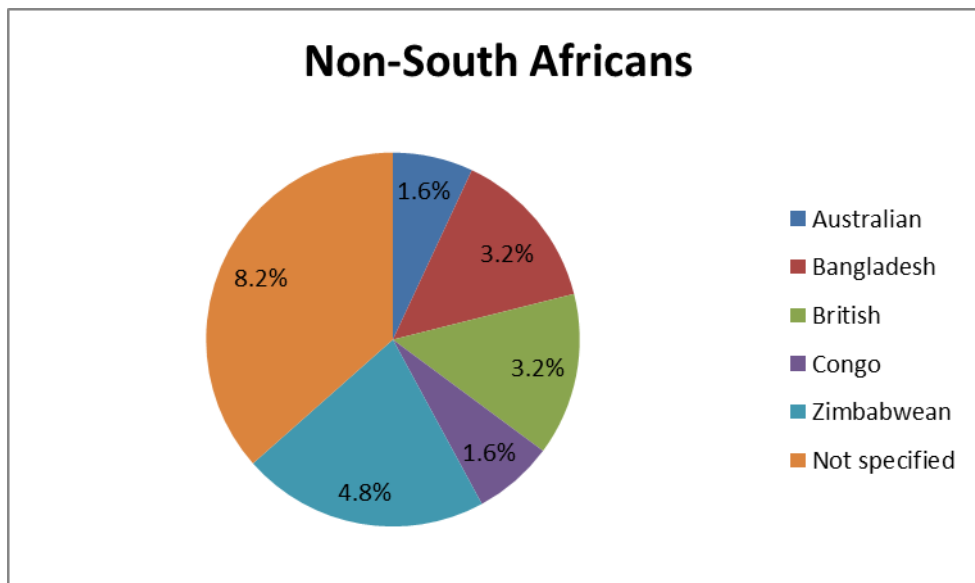


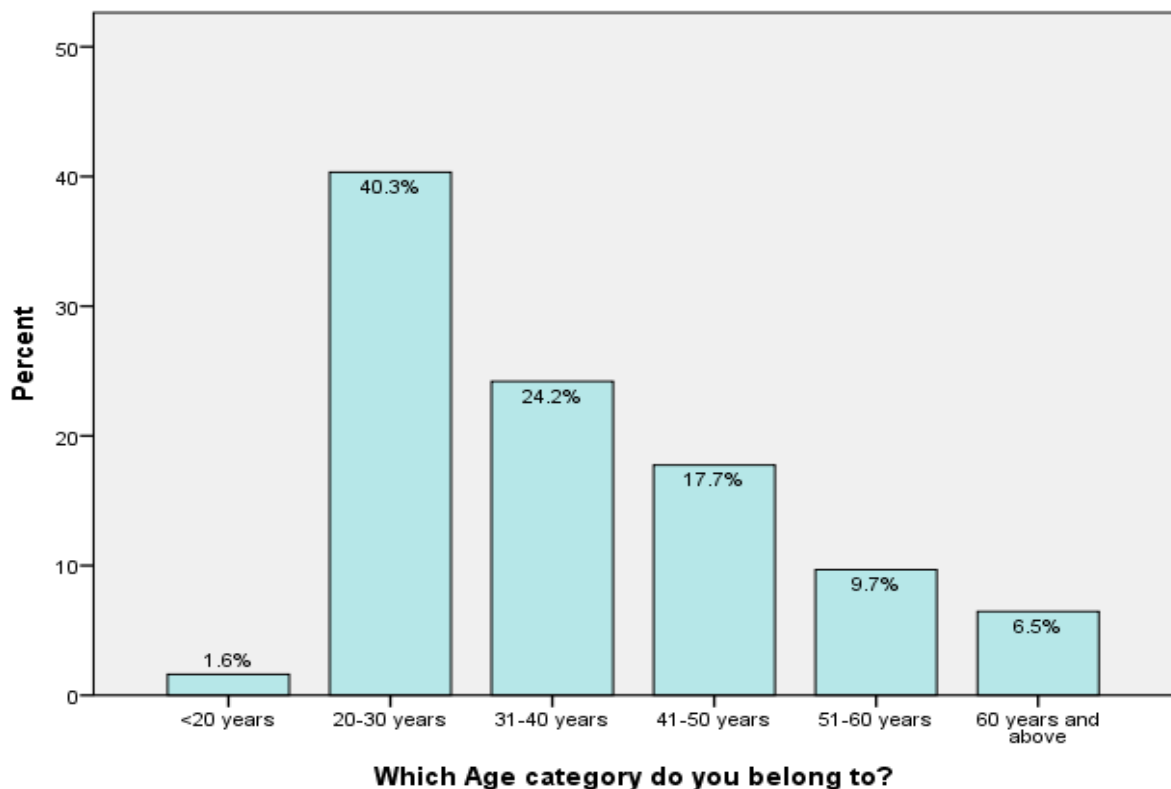
Figure 5.20: Non-South Africans



5.8.3 Age group

The age group of the respondents was evenly distributed with the majority being the age group of 20-30 years (40.3%), followed by the age group of 31-40 years (24.2%), 41-50 years (17.7%), 51-60 years (9.7%), 60 years and above (6.5%) and the least age group being 20 years and less (1.6%). See Figure 5.21 below.

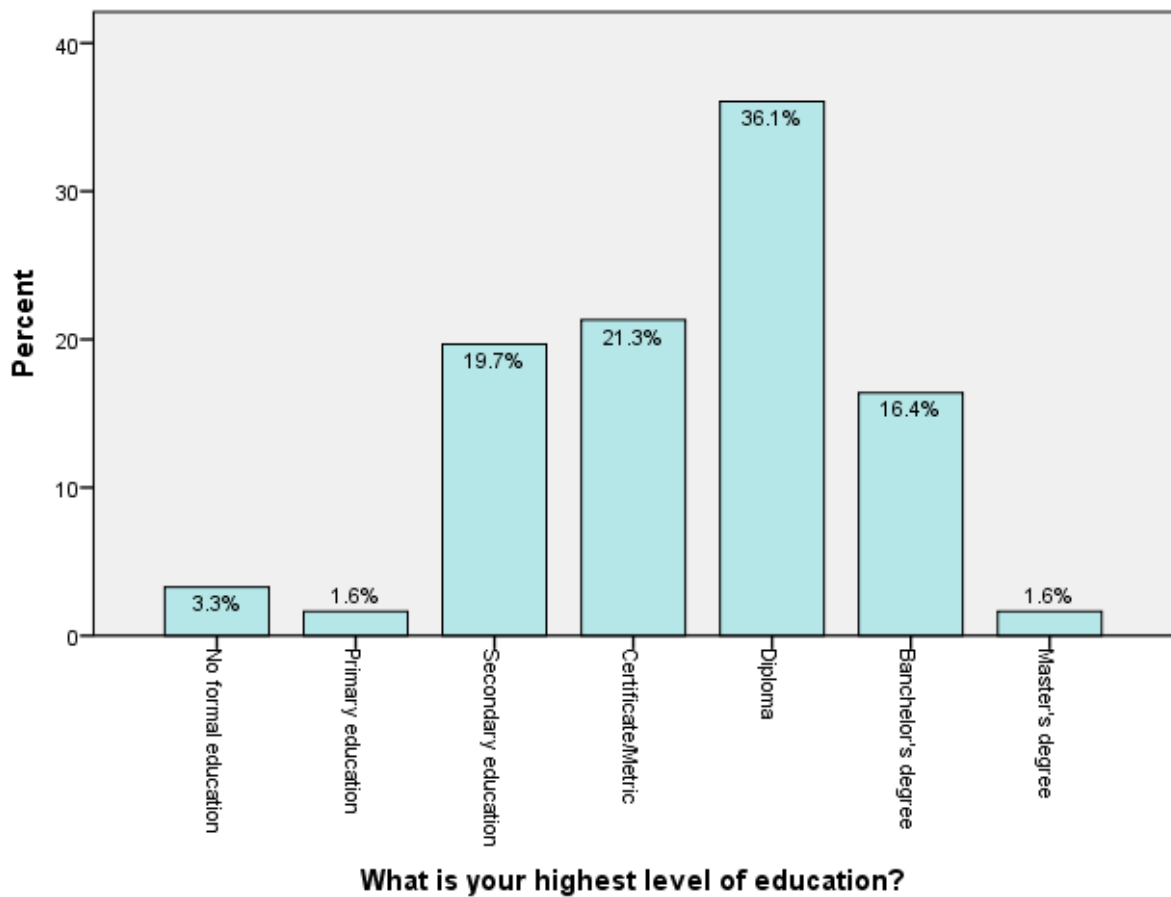
Figure 5.21 (Field work): Age group



5.8.4 Level of education

The respondents had a wide range of level of education, 36.1% having attained a national diploma certificate, 21.3% with a metric or equivalent to metric certificate, 19.7% completed secondary education level, 16.4% with a bachelor's degree, 3.3% without formal education and respondents with a master's degree and primary education constituted of 1.6% each(Figure 5.22).

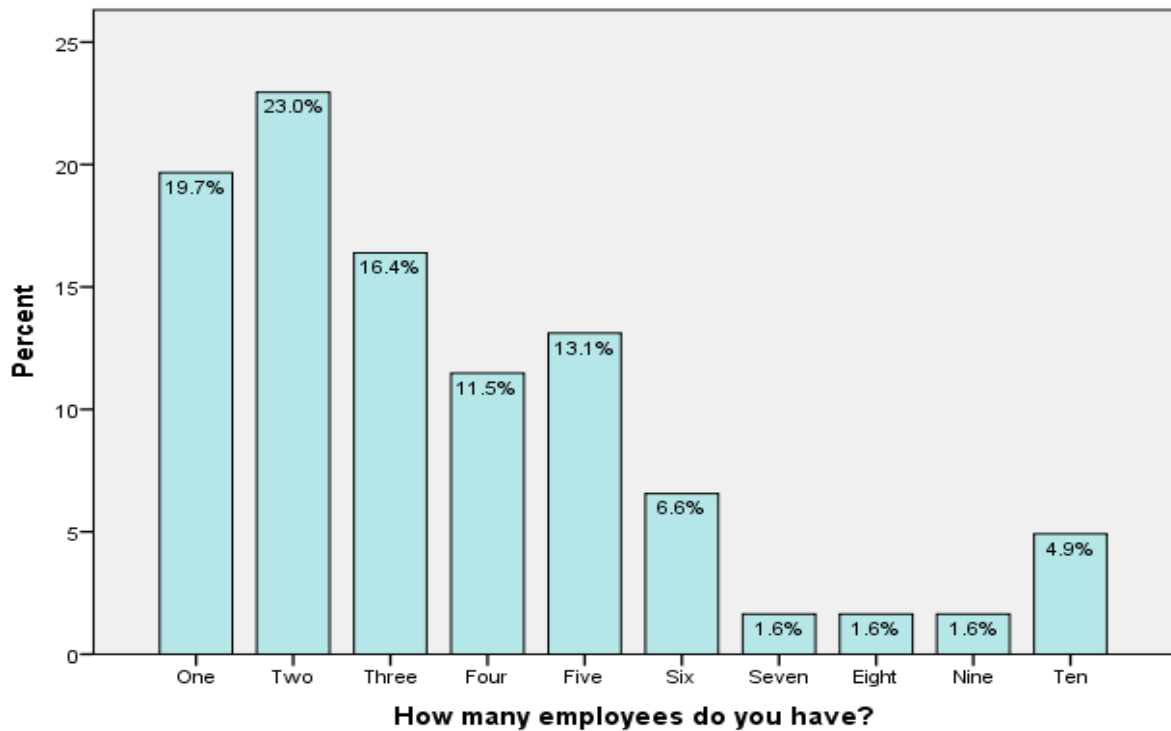
Figure 5.22 (Field work): Level of Education



5.8.5 Number of employees

The study focused on micro-enterprises with 1 to 10 employees. The presentation in Figure 5.23 shows that the majority of the respondents had two employees (23.0%), chronologically followed by enterprises with one employee (19.7%), with three employees (16.4%), with five employees (13.1%), with four employees (11.5%), with six employees (6.6%), with ten employees (4.9%) and with seven, eight, nine employees attaining (1.6%) each. In this question there is one missing value which means 61 respondents answered the question.

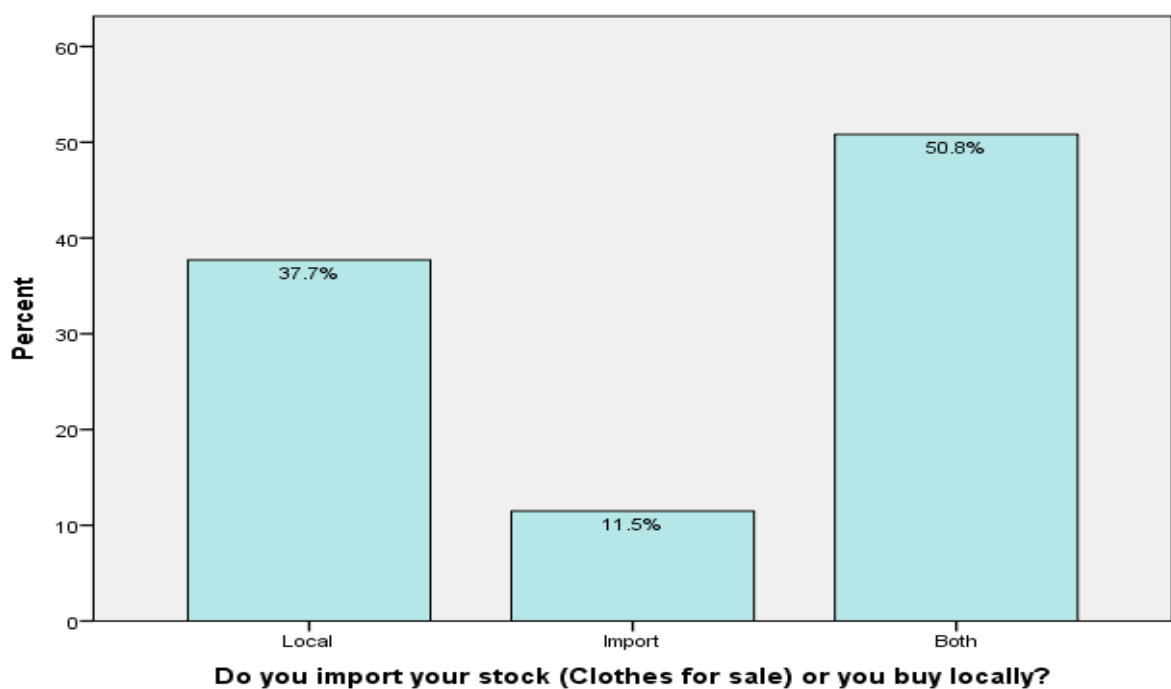
Figure 5.23 (Field work): Number of employees



5.8.6 Suppliers

Figure 5.24 indicates that 37.7% of the respondents buy their stock locally, 11.5% import their stock from outside the country and 50.8% of the respondents both import and buy their stock locally suppliers. In this question, there is one missing value which means 61 respondents answered the question.

Figure 5.24 (Field work): Suppliers



5.9 Conclusion

This chapter achieved its objective to present and analyse the findings of the study. Firstly, findings with regard to bookkeeping skills possessed by micro-entrepreneur were presented and analysed. The findings reflected insufficient bookkeeping skills among micro-entrepreneurs with an average of 65.1% without either entrepreneurship or accounting training and an average of 70.4% have not received training in bookkeeping. Micro-entrepreneurs had minimum understanding of the bookkeeping processes (T-account, single-entry account, general ledger, trial balance).

It was also established that micro-entrepreneurs had challenges in differentiating between income and owner's equity. However, the majority of the respondents fairly understood the elements of financial statements (assets, liabilities, income and expenses). Next, findings on bookkeeping execution were presented and analysed. The majority of micro-entrepreneurs remarkably executed the following bookkeeping duties: balancing of credit and debit entries, account adjustment, capturing all cash inflows and outflows, recording business withdrawals, and processing suppliers' invoices. However, micro-entrepreneurs fairly classify accounts in the general ledger and drafted the trial balance on a monthly basis. The majority of micro-entrepreneurs utilised manual bookkeeping with an application of accounting principles.

The following section presented and analysed findings on micro-entrepreneurs' perceptions with the regard to bookkeeping. It was found out that micro-entrepreneurs perceived profit calculation as the most important role of bookkeeping. Micro-entrepreneurs were of the view that bookkeeping should be undertaken by an expert however, the majority of micro-entrepreneurs executed their own bookkeeping duties due to financial constraints to hire professionals. The majority of micro-entrepreneurs' perceptions were that a business cannot survive without bookkeeping. The ability to sell was perceived as the most important business aspect compared to bookkeeping and other skills. The rationale behind this was that bookkeeping cannot exist in isolation of sales. Next, the general information of the study was presented and analysed. The majority of the participants were South African females aged between 20-30 years and 30-40 years. Most attained a post-metric qualification and have 1-10 employees mainly buying their stock from local suppliers.

CHAPTER SIX

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

In the previous chapter the findings of this study were presented and analysed. This chapter aims to discuss the findings based on the objectives of the research project followed by an overview of the chapters as an overall summary of the study. Next, the chapter is concluded by giving recommendations and suggestions for future studies.

6.2 Discussions of the findings

In this section the findings of the study are discussed based on the study objectives. Firstly, the discussion focuses on skills possessed by micro-entrepreneurs and the training implications of bookkeeping skills. Secondly, findings on bookkeeping execution within clothing retail micro-enterprises are discussed followed by a discussion on micro-entrepreneurs' perception on bookkeeping. The section is then concluded by a discussion on general information of the study.

The study objectives are:

- To analyse what bookkeeping skills the micro-entrepreneurs in Cape Town in the clothing retail industry possess.
- To evaluate whether bookkeeping skills are put into practice within the retail clothing industry in their daily business transactions.
- To understand how micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance in Cape Town.

6.2.1 Discussion on micro-entrepreneurs bookkeeping skills

In this section the findings are discussed in relation to the first objective of the study which is:

“To analyse what bookkeeping skills micro-entrepreneurs in the clothing retail industry possess.”

Most micro-entrepreneurs within the clothing retail industry have not received training in entrepreneurship, accounting and/or bookkeeping. A total of 58.1% micro-entrepreneurs did not receive entrepreneurial training. This is alarming as entrepreneurial training provides

knowledge in the following disciplines: marketing; employee relations; bookkeeping; financial management and leadership skills to promote business success (Jawo, 2013). Entrepreneurship training incorporates accounting and bookkeeping, while accounting training encompasses bookkeeping; however bookkeeping can be trained as a course on itself in the form of workshops and short-courses (Weygandt, Kieso & Kimmel, 2010; Lignier & Evans, 2012). Kirzner's theory of entrepreneurship states that accounting skill is one of the critical determinants of small business success.

Micro-entrepreneurs who do not possess an accounting qualification constitute 80.6% and 56.5% who have not done an accounting module, while an average of 70.4% of micro-entrepreneurs are without bookkeeping training. These findings corroborate those of Rajaram and O'Neil (2009) and Benedict (2011) that SMEs have insufficient accounting skills. Mitchelmore and Rowley (2013:136) affirm that entrepreneurs still need to be educated about bookkeeping to gain business managerial skills such as managing finance and budgeting. Likewise the researcher agrees that there is still a need for further training in accounting and/or bookkeeping based on the study findings. Bookkeeping helps in formulating financial information which can be used to calculate business profit, measure business financial performance, formulate business plans, prepare presentations for potential investors, apply for loans and make stock purchasing decisions (Bruwer & Watkins, 2010; Benedict, 2012; Cadden & Schneider, 2014).

Nonetheless insufficient bookkeeping skills were possessed by micro-entrepreneurs, when micro-entrepreneur were asked about their understanding of bookkeeping terms. The majority of the micro-entrepreneurs indicated an understanding of the elements of financial statements terms (assets, liabilities, income and expenses). However, they had less understanding of the bookkeeping process terms (T-account, single-entry account, general ledger, trial balance) which is in line with their inadequate accounting training. When micro-entrepreneurs answered the assessment test, the results indicated that micro-entrepreneurs remarkably managed to situate the following: assets, expenses and income. However, some micro-entrepreneur could not differentiate between profit and income or expenses and liabilities. Similarly to the findings by Benedict (2011), small-business owners do not lack in overall bookkeeping, but in certain aspects of bookkeeping. These findings are comparable to findings by Maseko and Manyani (2011:171) that small-business owners keep incomplete accounting records as they only capture transactions which they understand. Also, Pinson (2007:14) points out that SMEs record transactions which are easier to understand within their enterprises.

Based on the assessment results, 45.9% of micro-entrepreneurs failed to differentiate between profit and income. Micro-entrepreneurs in the retail clothing industry in Cape Town identified cash inflow (income) generated from sales as profit. Income refers to the revenue generated from the sale of goods and services while profit is the difference between income and expenditure (Collier, 2009; Li & Li, 2011; Service, 2011). This means that micro-entrepreneurs are able to recognise cash inflows (income) but fail to subtract cost of sales and other related expenses (expenditure) for profit recognition. These findings are similar to the findings by Maseko and Manyani (2011:180) that small-business owners mistake cash inflow for profit yet the business's productivity capacity is depleted by losses. The implication of this mistake is that micro-entrepreneurs will assume that they are making profits yet experiencing losses which have a negative impact on business success.

The main aim of a business operation is to earn revenue and make profits (Benedict, 2012:32). Also, Brozovsky and Hicks (2010:4) declare that sales result to profit which is the main motive for running a business. The concept of prudence states that revenues and profits are not anticipated but recognized in the profit and loss account (Pyke, 1999; Banerjee, 2010; IFRS for SMEs, 2013). Therefore it is essential for a business to be able to calculate profit so as to be aware whether the motive (profit) behind business operations is still achieved or not. Awareness of knowing whether a business is making a profit or loss enables business owners to plan ahead on the most viable course of action to enhance business success (Rajaram & O'Neil, 2009). Failure to differentiate between income and profit may result in violation of the concepts of money measurement which states that all records are maintained in monetary terms with an aim to measure business profitability (Banerjee, 2010; Velimirović, Velimirović & Stanković, 2011).

It was also established from the assessment questions that micro-entrepreneurs could not differentiate between liabilities and expenses. Liabilities are a present obligation of an entity as a result of past events of which the settlement is expected to result in an outflow from the entity's economic benefits, while expenses decrease the economic benefit of an entity during the accounting period in the form of outflows, increase in liabilities and depletion of assets and decrease in equity (Robertson, 2003; IFRS for SMEs, 2013). SMMEs should understand that income is generated from the use of assets, and expenses emanate from servicing or redemption of liabilities. However, many small businesses end up with more assets such as equipment and/or cars on credit generating more expenses than the actual income the venture generates (Gerber, 2009; Bruwer & Watkins, 2010; Abanis, Arthur, Byamukama, Burani, Ibrahim & Novembrieta, 2013). Even though expenses have the same effect as liability payments, which is they both result in cash outflow. It is important for micro-

entrepreneurs to differentiate between the two so as to make sound business decisions on payments of either expenses or liabilities. Findings by Bruwer and Watkins (2010) indicate that lack of accounting education is the main cause of challenges associated with entrepreneurs failing to correctly interpret and analyse financial records.

In a summary, micro-entrepreneurs do not have adequate bookkeeping skills. It is located that micro-entrepreneurs lack understanding in the following bookkeeping procedural aspects: T-account (double-entry account), single-entry account, general ledger, trial balance, differentiation between profit and income, differentiation between expenses and liabilities. Attention should be focused on the above mentioned deficiencies in bookkeeping so as to eradicate business success hindrances associated with record-keeping. The first objective of the study “To analyse what bookkeeping skills micro-entrepreneurs in Cape Town in the clothing retail industry possess” was achieved. The researcher found that micro-entrepreneurs do not possess sufficient bookkeeping skills and future bookkeeping training implications were found.

6.2.2 Discussion on micro-entrepreneurs bookkeeping execution

In this section the discussion is based on the findings on bookkeeping execution by micro-entrepreneurs. The discussion surrounds the second objective of the study which is:

“To evaluate whether bookkeeping skills are put into practice within the retail clothing industry in their daily business transactions.”

The majority of micro-entrepreneurs practise bookkeeping within their enterprises. Micro-entrepreneurs capture records such as account adjustments when debtors settle their debts, all cash inflows and outflows, all the monies withdrawn from the business, tax due to SARS and process supplier's invoices. However, most of them do not make use of the general ledger for classifying the recorded transactions nor draft the trial balance on a monthly basis. These results are linked to the previous findings on the first study objective whereby it was found that micro-entrepreneurs engage in incomplete bookkeeping procedures and they have difficulties in understanding the proper bookkeeping criteria. Further, the findings are in line with the findings by Maseko and Manyani (2011:179) that micro-enterprise owners maintain records but fail to prepare financial records as a result of insufficient accounting skills. Likewise, Rogerson (2008:77) identified that there are training gaps of entrepreneurs in South Africa.

Although the majority of micro-entrepreneurs stated that they do not understand the T-account, most of them said they always check whether credits and debits balance. It can be therefore deduced that micro-entrepreneurs engage in double-entry bookkeeping activities with minimum understanding of the terminology of what they are doing. The findings suggest that micro-entrepreneurs execute bookkeeping duties in a slightly different manner in comparison to the formal double-entry bookkeeping. These findings are comparable to findings by Chen (1998), Sangster, Stoner and McCarthy (2011), and Wissler (2013) that double-entry bookkeeping dominates in the twenty-first century. Also, Cadden and Schneider, (2014:6) indicate that double-entry bookkeeping systems are taught at schools, however few businesses in this day and age keep their records in exactly taught T-account accounting formats. Double-entry bookkeeping based on the elements of exchange (buyer and seller) when capturing transactions is beneficial in calculating profit because of its ability to detect errors (Geijsbeek, 1914; Arya, 1996; Pinson, 2007; Bhutta & Shah, 2013). Findings by Bhutta and Shah, (2013:16) indicate that double-entry bookkeeping is the most utilised world-wide.

Previous studies (Fischer 2000; Rajaram & O'Neil, 2009; Oosterbeek et al., 2010; Velimirović et al., 2011; Benedict, 2012; Kirsten & Fourie, 2012; Cadden & Schneider, 2014) have revealed that execution of bookkeeping duties enables business owners to benefit in numerous business aspects such as profit calculation, inventory buying decision, income statement preparations, measuring of business performance by comparing current and previous financial records, understanding the big view of the business financials, forecasting, budgeting and attracts potential investors or funding institutions. It is therefore essential for micro-entrepreneurs to practise bookkeeping as it is one of the important business skills. Failure to practise bookkeeping has dire consequences which may lead to business failure (Benzing et al., 2009; Fatoki & Garwe, 2010; Fischer & Schoar, 2012; Mitchelmore & Rowley, 2013).

6.2.2.1 Manual vs. electronic bookkeeping

Most (40.4%) micro-entrepreneurs utilise manual bookkeeping. This finding is in line with the findings by Pinson (2007) and Benedict (2011) that small-business owners maintain their business records manually. 32.2% of micro-entrepreneurs make use of both manual and electronic bookkeeping systems when recording transactions. A small percentage (27.4%) of micro-entrepreneurs solely utilises electronic bookkeeping system for recording their business transactions. Likewise, Pinson (2007) states that businesses can either utilise

manual bookkeeping or electronic bookkeeping systems, alternatively both manual and electronic bookkeeping can be utilised concurrently in capturing business transactions.

6.2.2.1.1 Supplier-customer account adjustment

The majority (54.3%) of micro-entrepreneurs utilising electronic bookkeeping system did not receive any accounting software training and 48.6% of the micro-entrepreneurs stated that they needed additional software training. Most (57.1%) of the business owners have never recorded a debit note or credit note. The results suggest that software knowledge is one of the determinants of bookkeeping practices as micro-entrepreneurs without sufficient accounting software expertise will have difficulties in executing bookkeeping duties. Pinson (2007:26) points out that it is more favourable for business owners to select the accounting software which is easy to utilise and most appropriate for the business.

Provided that micro-entrepreneurs receive returned goods but fail to record a debit note or credit note, the implications of these findings on the accuracy of the financial information will be misleading as there are omissions in maintaining records (Srivastava, 2008:546). The information reflecting in the accounting software will show incorrect stock levels based on stock prior returns (Lancioni, Smith & Oliva, 2000). Based on the concept of materiality which states that transactions with insignificant amount can be omitted (Weygandt, et al., 2009; IFRS for SMEs, 2013), transactions on returned goods do not qualify to be omitted as they have a significant effect on financial information.

Failure to maintain records of returned products may result in failing to recover the maximum value from suppliers if the product needs to be further returned to suppliers (reverse logistics) without supporting documents (Srivastava, 2008:538). The fact that supporting documents cannot be provided, it is in violation of the concept of objectivity which states that information should be based upon verifiable evidence such as invoices, credit note, debit note or contracts (Hines, 1991; Banerjee, 2010; Albrecht, 2014). This may lead to failing to resale or to return the product to the supplier, hence a loss. It is essential to maintain records on returned goods so as to have accurate financial records and for inventory tracking purposes to make buying decisions.

Most (55.0%) micro-entrepreneurs have not received manual bookkeeping training; however the majority (59.1%) of micro-entrepreneurs apply accounting principles when recording

business transactions. A total of 80.0% of the business owners stated that they separate sales from expenses. Pinson (2007: 14) writes that the majority of micro-entrepreneurs utilise manual double-entry bookkeeping and it is extremely effective and 100% verifiable. Furthermore, Pinson (2007:2) adds that manual bookkeeping is adequate for small business, electronic bookkeeping is only necessary when the business owner is working with an accountant or when the business is growing. The implication of these findings is that micro-entrepreneurs' financial information may be accurate continually if separations of expenses are maintained. However, there is still a need for manual bookkeeping training as there was a significant number of micro-entrepreneurs without training.

Generally, the second objective of the study was achieved as it was identified that micro-entrepreneurs partially practise bookkeeping; however they do not complete the bookkeeping cycle as the majority do not draft the trial balance. This means that financial records maintained by micro-entrepreneurs are incomplete, therefore not usable for business aspects which require complete financial information. It was also observed by the researcher that there is a difference between the theoretical aspects taught at schools and the actual execution of bookkeeping duties within businesses. Most micro-entrepreneurs utilise manual bookkeeping for maintaining financial records.

6.2.3 Discussion on Micro-entrepreneurs Bookkeeping perceptions

In this section, the third objective of the study's findings is discussed. The study objective is as follows:

“To understand how micro-entrepreneurs in the retail clothing industry perceive bookkeeping importance in Cape Town.”

6.2.3.1 Role of bookkeeping

Micro-entrepreneurs perceived the following roles of bookkeeping within their enterprises: to calculate profit, to track expenses, to keep financial records for references, to measure business growth, to monitor cash inflows and outflows and to prepare financial statement. From the above roles of bookkeeping, it was found that the most prominent perception among entrepreneurs with regard to the role of bookkeeping was to calculate profit. Likewise, Rajaram and O'Neil (2009:103) state that it is essential for SMEs to be able to determine whether they are making a profit or loss on their hard work in operating the business.

Pinson (2007:7) points out that business owners should always record cash inflows (income) and outflows (expenses) for future use and familiarise themselves with both income and expenses so as to make sound business decisions. IFRS (2013) affirm that financial records are used as a reference for both the business owner to measure business growth and the potential of funding institutions on making a decision whether to fund the business or not. Although preparation of financial statements is the major aim of bookkeeping (Maritz, 2008; Service, 2011; IFRS, 2013), a small percentage (3.7%) of micro-entrepreneurs said they use bookkeeping for preparation of financial statements.

Business growth measurement is directly linked to the Goal-Setting Theory whereby micro-entrepreneurs' growth is measured by comparing the set goals against what has been achieved in terms of profitability and business performance. Goal-Setting Theory (Marsden & Richardson, 1992:24) focuses on the importance of management setting achievable, acceptable, clear, and measurable work goals. Goal-Setting Theory (Locke & Latham, 1984) proposes that assignment of specific goals does not solely result in improved performance but increased motivation and performance when an individual/s accept set goals and the difficulty attached to those goals (Ambrose & Kulik, 1990:236; Atkinson & Shaw, 2006:175; Smith, 2006:265). Micro-entrepreneurs practise bookkeeping driven by a goal to measure business growth. Business growth cannot be measured in isolation from bookkeeping.

6.2.3.2 Bookkeeping a necessity or luxury on business survival

Business survival is determined by numerous factors, of which bookkeeping competence is one of the determinant factors (Jawo, 2013). When micro-entrepreneurs were asked whether a business can survive with or without bookkeeping, the majority (81.5%) stated that a business cannot survive without bookkeeping. The rationale behind this motion was that bookkeeping enables micro-entrepreneurs to monitor finances, calculate profit, and measure business success. Therefore, absence of bookkeeping implies that business owners cannot monitor progress within their enterprises. Similarly to the previous question's responses, the micro-entrepreneurs emphasised the importance of profit calculation and business success measurement as a drive to inevitably practise bookkeeping.

The above findings are in line with the Expectancy Theory which states that the levels of effort of an individual to perform an act are a function of "the strength with which he/she expects certain outcomes to be obtained from the act, times the attractiveness of the expected outcomes" (Hackman & Porter, 1968:418). In this case, record-keeping is

undertaken with an expectation to determine the business profits attractiveness. In support, Pinson (2007:26) points out that the end results of business operation is profit maximisation. It can be deduced that bookkeeping is one the most important recipe for determining profit and measuring business performance. Determined profit and the business performance status enable micro-entrepreneur to make sustainable decisions to promote business survival.

On the other hand, a small percentage (18.5%) of micro-entrepreneurs stated that it is possible to operate a business successfully without bookkeeping. The rationale behind this motion was that they have survived in operating their businesses without bookkeeping. Although they operated their business without record-keeping, they pointed out that there are higher chances of mismanagement of funds and business failure at a later stage. These results are comparable to results by Khosa (2014:68) who argues that entrepreneurs without any training have survived and are still in business. Therefore, questioning the necessity of entrepreneurial training to operate a business successfully. Arguably, the researcher is in the motion that training is a necessity towards business success, particularly bookkeeping. Jawo (2013) points out that additional to bookkeeping, training helps in the following business disciplines: marketing, financial management, employee relations and leadership skills

6.2.3.3 An expert or not for record-keeping

It was found out that 42.6% of micro-entrepreneurs perceived that bookkeeping is supposed to be undertaken by an expert such as an accountant or bookkeeper. Micro-entrepreneurs preferred an expert on executing their bookkeeping based on the integrity and minimised inaccuracies of financial information prepared by an expert. A total of 11.1% of micro-entrepreneurs were of the view that basic bookkeeping can be done by the business owner; however an expert will be needed for taxation purposes and to check the correctness of the financial information. Likewise Pinson (2007:26) highlights that most small-business owners have accountants who assist them with record-keeping on items which need an accountant or bookkeeper. Although some of the micro-entrepreneurs who opted for an expert did their own bookkeeping, they pointed out that hiring an expert was expensive and it is an additional expense to the business. Most micro-entrepreneurs wish to hire experts (accountant or bookkeeper) but are constrained by financial limitations.

On the other hand, a significant percentage (40.7%) were of the view that bookkeeping can be done by anyone without any formal training as they have successfully done it in their businesses. This finding is in line with the finding by Khosa (2014:68) that the majority of SMEs are surviving without training. Additionally, micro-entrepreneurs pointed out that it is an added advantage if the person understands mathematics and is able to distinguish between income and expenses. Some of the business owners highlighted the constraint of financial limitation as a motive for an individual without training to undertake bookkeeping. These findings are comparable to the findings by O'Neil and Rajaram (2009) that small-business owners lack accounting skills and Maseko and Manyani (2011) that micro-entrepreneurs keep incomplete financial records due to insufficient accounting education. It can be concluded that micro-entrepreneurs require an expert for record-keeping; however they are limited by financial capabilities to hire experts.

6.2.3.4 Bookkeeping importance

When micro-entrepreneurs were asked whether bookkeeping is the most important business aspect, 20.4% perceived bookkeeping as the most important business skill; 14.8% perceived that bookkeeping is not an important business skill and 64.8% of the respondents indicated that bookkeeping is one of the important business skills; however it is not the most important business skill. It is evident from the findings that the majority of micro-entrepreneurs regard bookkeeping as one of the important business skills among other business aspects. Similarly, Jawo's (2013) finds that bookkeeping cannot be singled out as the most important business aspect isolating other business aspects such as marketing, customer-supplier relations, law which also contributes towards business success.

Most of the business owners who indicated that bookkeeping was one of the important business skills required were of the perception that the ability to sell (marketing) is more significant than bookkeeping. These findings are in line with the Systems Theory which relates to an enterprise as an organism with interdependent parts with interrelated responsibilities working together to achieve a common goal (Lutz & Hedaa, 2006; Mele, et al., 2010). For micro-entrepreneurs, the common goal is business success and interrelated responsibilities are marketing, bookkeeping, customer-supplier relations, and abiding to lawful activities. Even micro-entrepreneurs who regarded bookkeeping as the most important and/or not important business skills highlighted sales as the pillar towards business success; the argument being that bookkeeping cannot be executed in absentia of sales. It can therefore be deduced that bookkeeping is dependent on sales and in general, micro-

entrepreneurs in the retail clothing industry in Cape Town perceive the ability to sell (marketing) as the most important business skill.

6.2.4 General information

Most retail clothing enterprises were operated by female. This finding is similar to the finding by Vlok (2006:227) that the South African clothing industry is operated by women and has been a very substantial source of employment, particularly for women. Additionally, Davis (2012:19) and Huarng, et al. (2012:494) note that educated female entrepreneurs who have received training make quality decisions and operate their business effectively and efficiently. The majority (40.3%) of micro-entrepreneurs were between the ages of 20 and 30 years old. Similarly to findings by Khosa (2014:62) most small-business owners in Cape Town were owned by individuals between the ages of 20 and 30 years old. The next age group with a significant percentage (24.2%) were the ages ranging between 30-40 years. These findings are comparable to Chrysostome (2010), Tengeh (2011), Fatoki and Patswawairi (2012) who state that small business are mainly owned by middle-aged entrepreneurs.

Most (77.1%) of the micro-entrepreneurs were South African citizens. These results are in line with the motive of the study to focus on businesses mainly owned by South Africans who are in hostile competition with the Chinese clothing enterprises. Chinese clothing enterprises have partially contributed towards the challenges faced by the clothing industry in South Africa through the import of cheap products (Van Eeden & Fundira, 2008; Van Eeden, 2009; Wolmarans, 2011; Mabuse, 2011; Edwards & Jenkins, 2013). Therefore the study focused on bookkeeping as the probable element which might promote sound decision-making for South African business owners so as to enhance competitive advantages and business success.

A total of 22.9% were Non-South Africans from Australia (1.6%), Bangladesh (3.1%), Britain (3.1%), Congo (1.6%), Zimbabwe (4.7%) and (8.9%) did not specify their nationality. Likewise Kalitanyi and Visser (2010:387) found that immigrant entrepreneurs start small businesses for survival and approximately 82% provide jobs for unemployed South Africans. According to Tengeh, Ballard and Slabbert (2011:8) most immigrants who fail to get employment in South Africa resort to forming SMEs in different sectors.

Out of 62 micro-entrepreneurs, 36.7% have a national diploma certificate, 21.7% have a metric or equivalent to metric certificate, 20.0% completed secondary education level, 16.7% have a bachelor's degree, 3.3% are without formal education and 1.7% completed a master's degree. The trend of entrepreneur qualifications in South Africa follows this pattern whereby the majority are with matric or post-matric qualifications and the minimum are without any formal education or with a master's degree (Ngwema, 1998; Kalitanyi & Visser, 2010; Fatoki & Patswawairi, 2012; Khosa, 2014). All the business owners had employees ranging from 0-10 which is in line with study delineation to focus on micro-entrepreneurs with 0-10 employees. Micro-entrepreneurs buy their stock locally and outside the country. A significant percentage (37.7%) buys their stock locally and 50.8% both import and buy their stock from local suppliers, hence promoting local manufacturers and wholesalers.

Conclusion

In conclusion, the study objectives were achieved. It was located that micro-entrepreneurs have insufficient bookkeeping skills and attention should be focused on the following bookkeeping aspects for training purposes: T-account (double-entry account), single-entry account, general ledger, trial balance, differentiation between profit and income, differentiation between expenses and liabilities. Micro-entrepreneurs partially practise bookkeeping; however they do not complete the bookkeeping cycle as the majority do not draft the trial balance. This means that financial records maintained by micro-entrepreneurs are incomplete and therefore not usable for business aspects which require complete financial information. It was established that the most prominent perception among entrepreneurs with regard to the role of bookkeeping is to calculate profit. It was found that micro-entrepreneurs perceive bookkeeping as a profit calculation tool within their businesses, hence a need to hire an expert to execute bookkeeping duties. The ability to sell was perceived as the most important business skill compared to bookkeeping because bookkeeping cannot be executed in absentia of sales.

6.3 Overview of the previous chapters

In this section the study chapters are summarised. The purposes of all the chapters were achieved.

6.3.1 Chapter 1 Introduction and background to the study

This chapter introduced the study by providing a brief description of the background and the problem statement, followed by the rationale behind the study. It then provided an outline of

the chosen methods to answer the research questions, together with the significance and limitations of the study.

6.3.2 Chapter 2 Conceptual and theoretical framework

This chapter provided clarification of concepts and theories that relate to the study. Firstly, conceptual framework was considered in which a micro-entrepreneur and Cape Town were defined. This was followed by the definitions of concepts pertaining to record-keeping under the following headings: elements of financial statements, accounting concepts and bookkeeping. Finally, the theoretical framework was explained and discussed based on the Expectancy Theory, Systems Theory and Goal-Setting Theory as a rationale behind bookkeeping competence.

6.3.3 Chapter 3 Literature review

This chapter reviewed literature on bookkeeping competence and training implications of entrepreneurs within the clothing industry. Firstly, the clothing industry was discussed together with its role in Cape Town. Next, literature on the importance of small businesses was reviewed followed by an in-depth discussion on the training implications of micro-entrepreneurs. The chapter was concluded by an explanation and discussion of small-business accounting records, the bookkeeping and accounting cycle aligned to the objectives of the study.

6.3.4 Chapter 4 Research methodology:

This chapter explained the research methodology undertaken in the study to collect and analyse data in order to answer the research questions and gain a better understanding of micro-entrepreneurs' competence in bookkeeping within the retail clothing industry. Firstly, empirical research methodology which involves both quantitative and qualitative approach was discussed in relation to the study. This was followed by the definition and explanation of concurrent triangulation design applicability in data collection. Next, the research sample was highlighted clearly indicating the sampling technique and methods utilised together with the boundaries of the study population. Data-collection procedure was discussed based on the process of designing the questionnaire, pilot study and administration of the questionnaires. An explanation and discussion on reliability and validity of data collection and data analysis followed. The chapter was concluded by a discussion on the importance of ethics and how ethical issues were dealt with in this research project.

6.3.5 Chapter 5 Presentation and analysis of the research findings

This chapter presented and analysed the findings of the study collected through self-administered questionnaires and structured qualitative interviews. The findings were presented based on the objectives of the study under the following major sections of the questionnaire: bookkeeping training and competence, bookkeeping execution, and bookkeeping perceptions of micro-entrepreneurs in the clothing retail industry in Cape Town, South Africa. The chapter was concluded by presenting and analysing general information of the study.

6.3.6 Chapter 6 Discussion, conclusion and recommendations

This chapter has discussed the findings of the study in relation to the objectives of the research followed by an overview of the previous chapters. Next, the chapter will conclude the study and provide recommendations together with suggestions for future studies.

6.4 Conclusion

The purpose of the study was to analyse bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town. All the chapters in the study achieved their objectives as already highlighted above on the overview of the chapters. The findings in Chapter 3 on literature review were alarming. It was found that inadequate studies have been done on the types of accounting records in relation to the elements of financial statement maintained by micro-entrepreneurs. Most studies focused on generic small business financial management without zooming in on specific financial records kept by small businesses. In general, all the study chapters achieved the purpose of the research project.

The study objectives were achieved. All the research questions in relation to bookkeeping skills, bookkeeping practices and bookkeeping perceptions of micro-entrepreneurs in the retail clothing industry in Cape Town were answered. The researcher found out that micro-entrepreneurs do not possess sufficient bookkeeping skills. Most micro-entrepreneurs did not have training in bookkeeping and/or in related courses. It was identified that micro-entrepreneurs mostly lacked on the procedural aspects of bookkeeping. However, they had a moderate understanding of the elements of financial statements. It was found out that most micro-entrepreneurs execute bookkeeping duties, however they do not complete the bookkeeping cycle due to insufficient bookkeeping skills particularly on the procedural aspects. Bookkeeping is mainly executed by means of the manual bookkeeping system within retail clothing micro-enterprises in Cape Town.

It was established that micro-entrepreneurs perceive profit calculation as the most important role of bookkeeping. Micro-entrepreneurs were of the view that bookkeeping should be undertaken by an expert however, the majority of micro-entrepreneurs execute bookkeeping duties due to financial constraints to hire professionals. The majority of micro-entrepreneurs' perceptions were that a business cannot survive without bookkeeping. The ability to sell was perceived as the most important business aspect compared to bookkeeping and other skills. The rationale behind this was that bookkeeping cannot exist in isolation of sales. The majority of the participants were South African females aged between 20-30 years and 30-40 years. Most of them attained post-matric qualification and had 0-10 employees mainly buying their stock from local suppliers.

6.5 Recommendations and suggestions for future studies

The following are recommendations and suggestions for future studies:

6.5.1 Further bookkeeping training

Further bookkeeping training is recommended as it was located that micro-entrepreneurs lack understanding in the following bookkeeping procedural aspects: T-account (double-entry account), single-entry account, general ledger, trial balance, differentiation between profit and income, differentiation between expenses and liabilities. Attention should be focused on the above mention deficiencies in bookkeeping so as to eradicate business success hindrances associated with record-keeping. This can be done in the form of form of workshops, short course, entrepreneurial training institutions and/or incubators such as Sector Education and Training Authority (SETA)

6.5.2 Further research on records kept by SMEs

It was established from the literature that numerous authors acknowledge insufficient accounting and/or bookkeeping skills. However, there is minimum research locating what kind of records are kept by small-business owners and which records should be kept to promote transparency and simplicity in small business operation. Therefore, it is recommended that further studies be done on specific records kept by micro-entrepreneurs particularly incorporating the elements of financial statements. Furthermore, an evaluation of the different types of records based on their relevance on operating a small business successfully will also be recommended.

6.5.3 Awareness of the importance of bookkeeping

Most micro-entrepreneurs executed bookkeeping duties mainly for profit calculation; however bookkeeping was not significantly recognised beyond profit calculation. Therefore, micro-entrepreneurs still need to be taught or made aware of other benefits of bookkeeping such as but not limited to financial comparison, proof as evidence for business and for legal matters, budgeting, business valuation, tax deductions, payroll, errors and frauds, and in raising loans. This will probably be an eye opener and thereafter probably promote procedural bookkeeping execution within small businesses.

6.5.4 Study replication in other industries

Based on the results of this study, it is recommended that the same study can be replicated in another industry to find out whether small-business owners possess bookkeeping skills, execute bookkeeping duties and what their perceptions are with regard to the importance of bookkeeping. The findings of the study will probably give a broader understanding of SMEs' bookkeeping competence. This information might be helpful for policy makers in dealing with the bookkeeping challenges faced by small businesses to promote business success.

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APPENDICES

APPENDIX A: ETHICAL CLEARANCE

Appendix A1 - Ethical clearance certificate



P.O. Box 1906 • Bellville 7535 South Africa • Tel: +27 21 4603239 • Email: zouityf@cput.ac.za
Symphony Road Bellville 7535

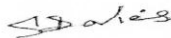
Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
--	--------------------------

At a meeting of the Research Ethics Committee on 18 September 2013, **Provisional Ethics Approval was granted to MOSES, Nyathi (209202238) for research activities Related to the MTech/DTech: MTech: Business Administration (Entrepreneurship) at the Cape Peninsula University of Technology.**

Title of dissertation/thesis:	Analysis of bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town Supervisor: Mr H Benedict
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Comments: REFER TO THE MINUTES 18 SEPTEMBER 2013

Decision: **PROVISIONALLY APPROVED**

	18 September 2013
Signed: Chairperson: Research Ethics Committee	Date

Signed: Chairperson: Faculty Research Committee	Date
---	------

Clearance Certificate No | 2013FBREC129

Appendix A2 - HDC 1.1 & 1.2 approval

HIGHER DEGREES COMMITTEE

MINUTES

Higher Degrees Committee

23 October 2013

Minutes of the meeting of the Cape Peninsula University of Technology Higher Degrees Committee held on Wednesday, 23 October 2013 in the Blue Room, Administration Building, Bellville Campus, at 09:00.

7.6	Faculty of Business	
7.6.1	Registration of topic for dissertation/thesis: HDC 1.1	
7.6.1.10	Candidate: Nyathi, Moses Student no: 209202238 Race: Black Gender: M Nationality: Zimbabwean Degree: MTech: Bus. Admin. (Entrepreneurship) Department: Entrepreneurship and Business Management Faculty: Business Title: An analysis of bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town. Supervisor/s: Mr. H Benedict	Approved
7.6.2	Registration of proposal for dissertation/thesis and MoU: HDC 1.2	
7.6.2.14	Candidate: Nyathi, Moses Student no: 209202238 Race: Black Gender: M Nationality: Zimbabwean Degree: MTech: Bus. Admin. (Entrepreneurship) Department: Entrepreneurship and Business Management Faculty: Business Title: An analysis of bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town. Keywords: Bookkeeping, competence, micro-entrepreneur, clothing retail industry and Cape Town. Supervisor/s: Mr. H Benedict	Approved

Appendix A3 - Consent letter



CAPE PENINSULA UNIVERSITY OF TECHNOLOGY

PERMISSION LETTER

ANALYSIS OF BOOKKEEPING COMPETENCE OF MICRO-ENTREPRENEURS IN THE CLOTHING RETAIL INDUSTRY IN CAPE TOWN.

Dear Sir/Madam,

REQUEST FOR PERMISSION TO CONDUCT RESEARCH WITHIN YOUR ENTERPRISE

I am a Master's student at the Cape Peninsula University of Technology in the Entrepreneurship & Business Management. I am currently working on my thesis, which seeks to analyse bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town.

I wish to ask for your permission to carry out this study within your enterprise. This will entail gathering information from you and few employees by filling out a questionnaire and having brief interview. The information supplied will be treated as highly confidential and will not require you or your employees to reveal your personal identity or that of your enterprise. This research is purely for academic purposes and not a government or company investigation. The results of this research will be submitted in fulfilment of the requirements for a Master's degree in the form of a thesis.

Your consent to enable me carry out this study in your enterprise would be greatly appreciated. The information gathered through this research will hopefully contribute to the advancement of entrepreneurial training within SMMEs in South Africa.

For further inquiries, you may contact me on 073 486 6455 or via email nyathimoses87@gmail.com. You may also contact my supervisor, Henrie Benedict on 021-460 3283 or via email benedicth@cput.ac.za.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Moses Nyathi', enclosed in a hand-drawn oval.

MOSES NYATHI

CONSENT TO CONDUCT RESEARCH

I have gone through the above-mentioned information and I am satisfied with the terms and conditions, therefore I IMELDA KUBUE in my capacity as OWNER of ZIMELDA COLLECTIONS do hereby agree that Moses Nyathi student number 209202238 may conduct the study within the enterprise.

~~HEER~~ 20/08/2013

Signature /Date

APPENDIX B: COVER LATTER AND QUESTIONNAIRE

Appendix B1 - Cover letter



01 March 2014

Dear Sir/Madam

I am a Master's student at the Cape Peninsula University of Technology in the Department of Entrepreneurship & Business Management. I am conducting a research study under the supervision of Dr Henrie Benedict. My research title is 'An analysis of bookkeeping competence of micro-entrepreneurs in the clothing retail industry in Cape Town'.

The main objective of the study is to analyse bookkeeping training and competence possessed by micro-entrepreneurs in the retail clothing industry in Cape Town. I therefore request you to complete the attached questionnaire on the subject.

As an independent and external stakeholder, your valuable contribution will assist me in answering the research questions and achieving the research objectives. I therefore, would kindly appreciate your participation in this study. Completing the questionnaire together with a brief interview will take approximately 15 minutes of your time. Participation in this study is completely voluntary and all the information you provide on this study will be kept confidential. If there are any other questions you prefer not to answer, you have the right to do so.

If after receiving this letter, you have any questions about the study, or would like additional information to assist in reaching a decision about participating, please feel free to contact MrHenrieBenedict on 021 460 3283 or myself on 073 486 6455 or via email: nyathimoses87@gmail.com .

Thank you in advance for your cooperation in the study

Yours sincerely

A handwritten signature in black ink, appearing to read "H Benedict", written over a white background.

Mr H Benedict
Supervisor

A handwritten signature in black ink, appearing to read "M Nyathi", enclosed within a hand-drawn oval shape.

Mr. M. Nyathi
Researcher

Appendix B2–Questionnaire

Section A: Bookkeeping Training and Competence

In this section, questions are asked to seek information and answers about bookkeeping training and competence.

Q 1. The table below contains questions with regard to training. Please read each of the questions carefully and place a cross (X) in the appropriate box indicating a **Yes** or **No** what relates to you.

Training	Yes	No
Have you received any form of entrepreneurial training?		
Have you done any module in accounting?		
Do you understand accounting?		
Have you done a course in bookkeeping?		
Do you have an accounting qualification?		
Have you received bookkeeping training in the form of workshops?		
Have you done a short-course in bookkeeping?		

Q 2. When recording transactions within a business, there are accounting terms which are used. Please indicate the extent of your understanding of the following accounting terms in the table below. Follow the ratings in the scale of 1 to 5 by placing a cross (X) in the appropriate box.

1 = Poor 2 = Fair 3 = Good 4 = Very good 5 = Excellent

Ratings	Ratings				
	Poor	Fair	Good	Very good	Excellent
Payments and receipts journals (or accounts)	1	2	3	4	5
Debtors' account	1	2	3	4	5
Creditors' account	1	2	3	4	5
Sales account (or journal)	1	2	3	4	5
Sales returns account (or journal)	1	2	3	4	5
Purchase account (or journal)	1	2	3	4	5
Purchase returns account (or journal)	1	2	3	4	5
T-account (Double entry bookkeeping thus debits and credits)	1	2	3	4	5
Single account	1	2	3	4	5
Trial balance	1	2	3	4	5
General ledger	1	2	3	4	5
Assets	1	2	3	4	5
Non-current assets	1	2	3	4	5
Current assets	1	2	3	4	5
Liabilities	1	2	3	4	5
Non-current liabilities	1	2	3	4	5
Current liabilities	1	2	3	4	5

Income	1	2	3	4	5
Expenses	1	2	3	4	5
General journal	1	2	3	4	5

Q3.The table below contains a list of accounting transactions. Please read through each of the accounting questions and place a cross (X) in the appropriate box on how you would classify the account within your business. For example, as indicated in the first account item (**Our Business bought retail clothing rack equipment**)

Name of the account	Assets	Liabilities	Expenses	Income	Owner's equity	I do not know
Our Business bought retail clothing rack equipment	X					
Payments of wages and salaries will be treated as?						
Trading inventory/stock will be treated as ?						
The cost of trading stock will be treated as?						
Money generated from the sale of stock (clothes) will be treated as?						
Profit gained from the sale of clothes will be treated as?						
Money used to buy Staff/employees refreshments will be treated as?						
Payment of rent will be treated as?						
Traffic fines will be treated as?						
The car (Vehicle) which belongs to the shop used for transportation of stock will be treated as?						
Money used to buy stationary will be treated as						
Money which the business owner takes from the till will be treated as?						
The money which our customers (Debtors) owe our business will be treated as?						
The money (debt) which our business owes suppliers will be treated as?						

Section B: Bookkeeping execution

In this section, information and questions about bookkeeping execution is sought. For a business to know its financial performance, finances should be recorded.

Q4.When operating a business there are tasks and duties which are done. How often do you do the below mentioned tasks and duties within your enterprise. Please indicate by placing a cross (X) in the appropriate box from a scale of 1 to 5.

1 = Never 2 = Rarely 3 = Sometimes 4 = Often 5 = Always

Ratings	Ratings				
	Never	Rarely	Sometimes	Often	Always
I check whether debits and credits balance	1	2	3	4	5
I include date, month and year of the transaction	1	2	3	4	5
I name and describe the transactions I record	1	2	3	4	5
I adjust accounts when debtors settle their debts	1	2	3	4	5
I balance the trial balance	1	2	3	4	5
I record all the money going out and in of the business	1	2	3	4	5
I make use of the general ledger	1	2	3	4	5
I draft the trial balance on monthly basis	1	2	3	4	5
I record all amount that the business owes	1	2	3	4	5
I use the business records to know how much cash I have.	1	2	3	4	5
I separate my personal finances from business finances	1	2	3	4	5
I record all the money withdrawn from the business for personal use	1	2	3	4	5
I give customers receipt and also stay with a copy	1	2	3	4	5
I process invoices with suppliers	1	2	3	4	5
I record the monthly taxation liability	1	2	3	4	5
I calculate tax liability according to current tax tables from South African Revenue Services (SARS)	1	2	3	4	5

Q5. In a business, accounting records are either recorded electronic or manual. Please indicate how you record transactions within your enterprise by placing a cross (X) in the appropriate box.

How do you record your accounts?

Electronic		Manual	
------------	--	--------	--

If you record your transactions by means of **accounting software (electronic)**, answer question

5a and if you record your transactions **manual** answer question **5b**

5a Which accounting software are you using?

Pastel		Omni	
Quickbooks		Syspro	
Excel		Cubit	
Other			

If you selected other, please specify.....

Training	Yes	No
Have you received any accounting software training?		
Do you think you need further training for the accounting software used in your Business?		
Do you understand the accounting software used within your business?		
Have you ever recorded credit note using the accounting software?		
Have you ever recorded debit note using the software?		
Can you print and email invoices via the accounting software?		
Can you view and print the trial balance with the accounting software?		
Can you edit customers and suppliers details in the accounting software		

5b Which kind of paper system do you use for manual bookkeeping?

Normal exercise book		Counter book	
Journal exercise books		Diary	
Other			

If you selected other, please specify.....

	Yes	No
Have you received any training on manual bookkeeping?		
Do you apply accounting principles when recording your transaction?		
Do you separate expenses from sales when recording transactions?		
Do you draft a trial balance at the end of the month?		
Do you always file all receipts?		
Do you calculate profit at the end of the month?		
Do you record expenses such as airtime?		
Do you record expenses such as petrol from business money?		

Section C: Bookkeeping perception

How do micro-entrepreneurs in the retail clothing industry view bookkeeping competencies on business operations?

In this section, questions with regard to respondent's perception about bookkeeping are asked through a short interview.

Q 6. What is the role of bookkeeping in a business?

.....

.....

Q 7. Can a business survive without bookkeeping?

.....

Q 8. Can bookkeeping be done by anyone or is there a need for an expert (e.g. bookkeeper or Accountant)?

.....

Q 9. Is bookkeeping the most important skill needed within a business?

Section D: Demographic profile

In this section information about you is sought. Please place a cross (X) in the appropriate box.

Q 10. Gender

Male		Female	
------	--	--------	--

Q 11. Nationality

South African		Non-South African	
---------------	--	-------------------	--

If you are Non-South African, please specify

Q 12. Which Age category do you belong to?

< 20 years		20-30 years	
31-40 years		41-50 years	
51 -60 years		61 years and above	

Q 13. What is your highest level of education?

No formal education		Primary education	
Secondary education		Certificate/Metric	
Diploma		Bachelor's Degree	
Master's Degree		PhD	

Q 14. How many employees do you have? Indicate by placing a number in the box below.

--

Q 15. Do you import your stock (Clothes for sale) or you buy locally?

Local		Import		Both	
-------	--	--------	--	------	--

APPENDIX C: SUMMARY OF FREQUENCY TABLES OUTPUT

Appendix C1 - Summary of frequency tables output

Frequency Tables

Have you received any form of entrepreneurial training?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	26	41.9	41.9	41.9
	No	36	58.1	58.1	100.0
	Total	62	100.0	100.0	

Have you done any module in accounting?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	43.5	43.5	43.5
	No	35	56.5	56.5	100.0
	Total	62	100.0	100.0	

Do you understand accounting?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	43	69.4	69.4	69.4
	No	19	30.6	30.6	100.0
	Total	62	100.0	100.0	

Have you done a course in bookkeeping?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	32.3	32.3	32.3
	No	42	67.7	67.7	100.0
	Total	62	100.0	100.0	

Do you have an accounting qualification?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	19.4	19.4	19.4
	No	50	80.6	80.6	100.0
	Total	62	100.0	100.0	

Have you received bookkeeping training in the form of workshops?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	25.8	25.8	25.8
	No	46	74.2	74.2	100.0
	Total	62	100.0	100.0	

Have you done a short-course in bookkeeping?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	30.6	30.6	30.6
	No	43	69.4	69.4	100.0
	Total	62	100.0	100.0	

Payments and receipts journals (or accounts)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	3	4.8	4.8	4.8
	Fair	8	12.9	12.9	17.7
	Good	14	22.6	22.6	40.3
	Very good	20	32.3	32.3	72.6
	Excellent	17	27.4	27.4	100.0
	Total	62	100.0	100.0	

Debtors' account

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	5	8.1	8.1	8.1
	Fair	8	12.9	12.9	21.0
	Good	17	27.4	27.4	48.4
	Very good	20	32.3	32.3	80.6
	Excellent	12	19.4	19.4	100.0
	Total	62	100.0	100.0	

Creditors' account

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	5	8.1	8.1	8.1
	Fair	8	12.9	12.9	21.0
	Good	15	24.2	24.2	45.2

Very good	23	37.1	37.1	82.3
Excellent	11	17.7	17.7	100.0
Total	62	100.0	100.0	

Sales account (or journal)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	2	3.2	3.2	3.2
	Fair	8	12.9	12.9	16.1
	Good	15	24.2	24.2	40.3
	Very good	26	41.9	41.9	82.3
	Excellent	11	17.7	17.7	100.0
	Total	62	100.0	100.0	

Sales returns account (or journal)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	5	8.1	8.1	8.1
	Fair	10	16.1	16.1	24.2
	Good	14	22.6	22.6	46.8
	Very good	18	29.0	29.0	75.8
	Excellent	15	24.2	24.2	100.0
	Total	62	100.0	100.0	

Purchase account (or journal)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	7	11.3	11.3	11.3
	Fair	8	12.9	12.9	24.2
	Good	15	24.2	24.2	48.4
	Very good	17	27.4	27.4	75.8
	Excellent	15	24.2	24.2	100.0
	Total	62	100.0	100.0	

Purchase returns account (or journal)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	10	16.1	16.1	16.1

Fair	8	12.9	12.9	29.0
Good	13	21.0	21.0	50.0
Very good	18	29.0	29.0	79.0
Excellent	13	21.0	21.0	100.0
Total	62	100.0	100.0	

T-account

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	15	24.2	24.2	24.2
	Fair	10	16.1	16.1	40.3
	Good	19	30.6	30.6	71.0
	Very good	10	16.1	16.1	87.1
	Excellent	8	12.9	12.9	100.0
	Total	62	100.0	100.0	

Single account

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	17	27.4	27.4	27.4
	Fair	11	17.7	17.7	45.2
	Good	15	24.2	24.2	69.4
	Very good	11	17.7	17.7	87.1
	Excellent	8	12.9	12.9	100.0
	Total	62	100.0	100.0	

Trial balance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	17	27.4	27.4	27.4
	Fair	15	24.2	24.2	51.6
	Good	15	24.2	24.2	75.8
	Very good	7	11.3	11.3	87.1
	Excellent	8	12.9	12.9	100.0
	Total	62	100.0	100.0	

General ledger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	11	17.7	17.7	17.7
	Fair	13	21.0	21.0	38.7
	Good	14	22.6	22.6	61.3
	Very good	15	24.2	24.2	85.5
	Excellent	9	14.5	14.5	100.0
	Total	62	100.0	100.0	

Assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	8	12.9	12.9	12.9
	Fair	15	24.2	24.2	37.1
	Good	8	12.9	12.9	50.0
	Very good	19	30.6	30.6	80.6
	Excellent	12	19.4	19.4	100.0
	Total	62	100.0	100.0	

Non-current assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	12	19.4	19.4	19.4
	Fair	15	24.2	24.2	43.5
	Good	9	14.5	14.5	58.1
	Very good	12	19.4	19.4	77.4
	Excellent	14	22.6	22.6	100.0
	Total	62	100.0	100.0	

Current assets

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	6	9.7	9.7	9.7
	Fair	12	19.4	19.4	29.0
	Good	17	27.4	27.4	56.5
	Very good	11	17.7	17.7	74.2

Excellent	16	25.8	25.8	100.0
Total	62	100.0	100.0	

Liabilities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Poor	6	9.7	9.7	9.7
Fair	14	22.6	22.6	32.3
Good	13	21.0	21.0	53.2
Very good	11	17.7	17.7	71.0
Excellent	18	29.0	29.0	100.0
Total	62	100.0	100.0	

Non-current liabilities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Poor	11	17.7	17.7	17.7
Fair	11	17.7	17.7	35.5
Good	17	27.4	27.4	62.9
Very good	9	14.5	14.5	77.4
Excellent	14	22.6	22.6	100.0
Total	62	100.0	100.0	

Current liabilities

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Poor	7	11.3	11.3	11.3
Fair	13	21.0	21.0	32.3
Good	12	19.4	19.4	51.6
Very good	13	21.0	21.0	72.6
Excellent	17	27.4	27.4	100.0
Total	62	100.0	100.0	

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	2	3.2	3.2	3.2
	Fair	9	14.5	14.5	17.7
	Good	13	21.0	21.0	38.7
	Very good	18	29.0	29.0	67.7
	Excellent	20	32.3	32.3	100.0
	Total	62	100.0	100.0	

Expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	1	1.6	1.6	1.6
	Fair	8	12.9	12.9	14.5
	Good	14	22.6	22.6	37.1
	Very good	19	30.6	30.6	67.7
	Excellent	20	32.3	32.3	100.0
	Total	62	100.0	100.0	

General journal

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	4	6.5	6.6	6.6
	Fair	12	19.4	19.7	26.2
	Good	16	25.8	26.2	52.5
	Very good	16	25.8	26.2	78.7
	Excellent	13	21.0	21.3	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Payments of wages and salaries will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Expenses	55	88.7	90.2	90.2
	Income	2	3.2	3.3	93.4
	Owner's equity	2	3.2	3.3	96.7

	I do not know	2	3.2	3.3	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Trading inventory/stock will be treated as ?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	39	62.9	63.9	63.9
	Liabilities	6	9.7	9.8	73.8
	Expenses	2	3.2	3.3	77.0
	Income	5	8.1	8.2	85.2
	Owner's equity	3	4.8	4.9	90.2
	I do not know	6	9.7	9.8	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

The cost of trading stock will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	5	8.1	8.2	8.2
	Liabilities	6	9.7	9.8	18.0
	Expenses	35	56.5	57.4	75.4
	Income	8	12.9	13.1	88.5
	Owner's Equity	1	1.6	1.6	90.2
	I do not know	6	9.7	9.8	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Money generated from the sale of stock (clothes) will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	3	4.8	4.9	4.9
	Liabilities	2	3.2	3.3	8.2
	Income	50	80.6	82.0	90.2

	Owner's equity	2	3.2	3.3	93.4
	I do not know	4	6.5	6.6	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Profit gained from the sale of clothes will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Asset	8	12.9	13.1	13.1
	Liabilities	1	1.6	1.6	14.8
	Expenses	2	3.2	3.3	18.0
	Income	28	45.2	45.9	63.9
	Owner's equity	15	24.2	24.6	88.5
	I do not know	7	11.3	11.5	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Money used to buy Staff/employees refreshments will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	1	1.6	1.6	1.6
	Liabilities	3	4.8	4.9	6.6
	Expenses	52	83.9	85.2	91.8
	Owner's equity	2	3.2	3.3	95.1
	I do not know	3	4.8	4.9	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Payment of rent will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Liabilities	4	6.5	6.6	6.6
	Expenses	54	87.1	88.5	95.1
	I do not know	3	4.8	4.9	100.0

Total		61	98.4	100.0
Missing	System	1	1.6	
Total		62	100.0	

Traffic fines will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	1	1.6	1.6	1.6
	Liabilities	11	17.7	18.0	19.7
	Expenses	37	59.7	60.7	80.3
	Owner's equity	5	8.1	8.2	88.5
	I do not know	7	11.3	11.5	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

The car (Vehicle) used for transportation of stock will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	40	64.5	65.6	65.6
	Liabilities	2	3.2	3.3	68.9
	Expenses	15	24.2	24.6	93.4
	Owner's equity	2	3.2	3.3	96.7
	I do not know	2	3.2	3.3	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Money used to buy stationery will be treated as

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	3	4.8	4.9	4.9
	Liabilities	1	1.6	1.6	6.6
	Expenses	55	88.7	90.2	96.7
	I do not know	2	3.2	3.3	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		

Total	62	100.0	
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Money which the business owner takes from the till will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	1	1.6	1.7	1.7
	Liabilities	4	6.5	6.7	8.3
	Expenses	24	38.7	40.0	48.3
	Income	5	8.1	8.3	56.7
	Owner's equity	21	33.9	35.0	91.7
	I do not know	5	8.1	8.3	100.0
	Total	60	96.8	100.0	
Missing	System	2	3.2		
Total		62	100.0		

The money which our customers (Debtors) owe our business will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assets	15	24.2	24.6	24.6
	Liabilities	13	21.0	21.3	45.9
	Expenses	2	3.2	3.3	49.2
	Income	17	27.4	27.9	77.0
	Owner's equity	1	1.6	1.6	78.7
	I do not know	13	21.0	21.3	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

The money (debt) which our business owes suppliers will be treated as?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Liabilities	31	50.0	50.8	50.8
	Expenses	22	35.5	36.1	86.9
	Owner's equity	2	3.2	3.3	90.2
	I do not know	6	9.7	9.8	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		

Total	62	100.0	
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I check whether debits and credits balance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	6	9.7	9.7	9.7
	Rarely	4	6.5	6.5	16.1
	Sometimes	5	8.1	8.1	24.2
	Often	14	22.6	22.6	46.8
	Always	33	53.2	53.2	100.0
	Total	62	100.0	100.0	

I include date, month and year of the transaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	4.8	4.9	4.9
	Sometimes	4	6.5	6.6	11.5
	Often	13	21.0	21.3	32.8
	Always	41	66.1	67.2	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

I name and describe the transactions I record

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	4	6.5	6.5	6.5
	Rarely	1	1.6	1.6	8.1
	Sometimes	3	4.8	4.8	12.9
	Often	14	22.6	22.6	35.5
	Always	40	64.5	64.5	100.0
	Total	62	100.0	100.0	

I adjust accounts when debtors settle their debts

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Never	6	9.7	9.7	9.7
	Rarely	2	3.2	3.2	12.9
	Sometimes	1	1.6	1.6	14.5
	Often	14	22.6	22.6	37.1
	Always	39	62.9	62.9	100.0
	Total	62	100.0	100.0	

I balance the trial balance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	13	21.0	21.0	21.0
	Rarely	7	11.3	11.3	32.3
	Sometimes	5	8.1	8.1	40.3
	Often	12	19.4	19.4	59.7
	Always	25	40.3	40.3	100.0
	Total	62	100.0	100.0	

I record all the money going out and in of the business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	4.8	4.8	4.8
	Rarely	2	3.2	3.2	8.1
	Sometimes	6	9.7	9.7	17.7
	Often	7	11.3	11.3	29.0
	Always	44	71.0	71.0	100.0
	Total	62	100.0	100.0	

I make use of the general ledger

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	19	30.6	30.6	30.6
	Rarely	6	9.7	9.7	40.3
	Sometimes	5	8.1	8.1	48.4
	Often	7	11.3	11.3	59.7
	Always	25	40.3	40.3	100.0
	Total	62	100.0	100.0	

I draft the trial balance on monthly basis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	18	29.0	29.0	29.0
	Rarely	11	17.7	17.7	46.8
	Sometimes	4	6.5	6.5	53.2
	Often	9	14.5	14.5	67.7
	Always	20	32.3	32.3	100.0
	Total	62	100.0	100.0	

I record all amount that the business owes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	12	19.4	19.4	19.4
	Rarely	3	4.8	4.8	24.2
	Sometimes	6	9.7	9.7	33.9
	Often	3	4.8	4.8	38.7
	Always	38	61.3	61.3	100.0
	Total	62	100.0	100.0	

I use the business records to know how much cash I have.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	9	14.5	14.5	14.5
	Rarely	1	1.6	1.6	16.1
	Sometimes	6	9.7	9.7	25.8
	Often	7	11.3	11.3	37.1
	Always	39	62.9	62.9	100.0
	Total	62	100.0	100.0	

I separate my personal finances from business finances

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	5	8.1	8.1	8.1

Rarely	3	4.8	4.8	12.9
Sometimes	4	6.5	6.5	19.4
Often	8	12.9	12.9	32.3
Always	42	67.7	67.7	100.0
Total	62	100.0	100.0	

I record all the money withdrawn from the business for personal use

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	6	9.7	9.7	9.7
	Rarely	3	4.8	4.8	14.5
	Sometimes	6	9.7	9.7	24.2
	Often	6	9.7	9.7	33.9
	Always	41	66.1	66.1	100.0
	Total	62	100.0	100.0	

I give customers receipt and also stay with a copy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	1	1.6	1.6	1.6
	Rarely	1	1.6	1.6	3.2
	Sometimes	3	4.8	4.8	8.1
	Often	6	9.7	9.7	17.7
	Always	51	82.3	82.3	100.0
	Total	62	100.0	100.0	

I process invoices with suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	4	6.5	6.5	6.5
	Rarely	1	1.6	1.6	8.1
	Sometimes	2	3.2	3.2	11.3
	Often	10	16.1	16.1	27.4
	Always	45	72.6	72.6	100.0
	Total	62	100.0	100.0	

I record the monthly taxation liability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	16	25.8	25.8	25.8
	Rarely	3	4.8	4.8	30.6
	Sometimes	2	3.2	3.2	33.9
	Often	6	9.7	9.7	43.5
	Always	35	56.5	56.5	100.0
	Total	62	100.0	100.0	

I calculate tax liability according to current tax tables from South African Revenue Services (SARS)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	19	30.6	30.6	30.6
	Rarely	5	8.1	8.1	38.7
	Sometimes	2	3.2	3.2	41.9
	Often	5	8.1	8.1	50.0
	Always	31	50.0	50.0	100.0
	Total	62	100.0	100.0	

How do you record your accounts?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Electronic	17	27.4	27.4	27.4
	Manual	25	40.3	40.3	67.7
	Both	20	32.3	32.3	100.0
	Total	62	100.0	100.0	

Have you received any accounting software training?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	25.8	45.7	45.7
	No	19	30.6	54.3	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		

Total	62	100.0	
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Do you think you need further training for the accounting software used in your Business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	29.0	51.4	51.4
	No	17	27.4	48.6	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		
Total		62	100.0		

Do you understand the accounting software used within your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	45.2	80.0	80.0
	No	7	11.3	20.0	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		
Total		62	100.0		

Have you ever recorded credit note using the accounting software?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	15	24.2	42.9	42.9
	No	20	32.3	57.1	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		
Total		62	100.0		

Have you ever recorded debit note using the software?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	15	24.2	42.9	42.9
	No	20	32.3	57.1	100.0
	Total	35	56.5	100.0	

Missing	System	27	43.5		
Total		62	100.0		

Can you print and email invoices via the accounting software?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	40.3	71.4	71.4
	No	10	16.1	28.6	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		
Total		62	100.0		

Can you view and print the trial balance with the accounting software?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	21	33.9	60.0	60.0
	No	14	22.6	40.0	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		
Total		62	100.0		

Can you edit customers and suppliers details in the accounting software

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	22	35.5	62.9	62.9
	No	13	21.0	37.1	100.0
	Total	35	56.5	100.0	
Missing	System	27	43.5		
Total		62	100.0		

Have you received any training on manual bookkeeping?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	29.0	45.0	45.0
	No	22	35.5	55.0	100.0
	Total	40	64.5	100.0	

Missing	System	22	35.5		
Total		62	100.0		

Do you apply accounting principles when recording your transaction?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	26	41.9	59.1	59.1
	No	18	29.0	40.9	100.0
	Total	44	71.0	100.0	
Missing	System	18	29.0		
Total		62	100.0		

Do you separate expenses from sales when recording transactions?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	58.1	80.0	80.0
	No	9	14.5	20.0	100.0
	Total	45	72.6	100.0	
Missing	System	17	27.4		
Total		62	100.0		

Do you draft a trial balance at the end of the month?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	38.7	53.3	53.3
	No	21	33.9	46.7	100.0
	Total	45	72.6	100.0	
Missing	System	17	27.4		
Total		62	100.0		

Do you always file all receipts?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	38	61.3	84.4	84.4
	No	7	11.3	15.6	100.0
	Total	45	72.6	100.0	

Missing	System	17	27.4		
Total		62	100.0		

Do you calculate profit at the end of the month?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	56.5	77.8	77.8
	No	10	16.1	22.2	100.0
	Total	45	72.6	100.0	
Missing	System	17	27.4		
Total		62	100.0		

Do you record expenses such as airtime?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	28	45.2	62.2	62.2
	No	17	27.4	37.8	100.0
	Total	45	72.6	100.0	
Missing	System	17	27.4		
Total		62	100.0		

Do you record expenses such as petrol from business money?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	43.5	60.0	60.0
	No	18	29.0	40.0	100.0
	Total	45	72.6	100.0	
Missing	System	17	27.4		
Total		62	100.0		

What is the role of bookkeeping in a business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		8	12.9	12.9	12.9

Allows one to manage the flow of cash in and out of the business	1	1.6	1.6	14.5
Bookkeeping is a very important aspect of business records of monies in and out of the business . It should be kept and maintained	1	1.6	1.6	16.1
Calculate profit	1	1.6	1.6	17.7
Cross checking the transactions and to record daily income/expenses. To give a book value of the company	1	1.6	1.6	19.4
Decision making	1	1.6	1.6	21.0
Don't Know	1	1.6	1.6	22.6
Facts on figures to tell us where we are in business, profit and loss	1	1.6	1.6	24.2
Financial records	1	1.6	1.6	25.8
For records	1	1.6	1.6	27.4
Helps in financial updates	1	1.6	1.6	29.0
Important	1	1.6	1.6	30.6
It assist in determining whether or not progress of the business is stable and to establish the total expenses of the business in order to adjust	1	1.6	1.6	32.3
It show us if we are growing as a business or not	1	1.6	1.6	33.9
Keep financial records and make business related decisions	1	1.6	1.6	35.5
Keep the books/ record updated	1	1.6	1.6	37.1
Keeping the business upto date	1	1.6	1.6	38.7
Makes planning easier, help to forecast the future of the business	1	1.6	1.6	40.3

Making sure that you know whether you are making a profit or a loss	1	1.6	1.6	41.9
Manage cash flow, measure profitability	1	1.6	1.6	43.5
Managing all stock and expenses and income etc it is the backbone	1	1.6	1.6	45.2
Only way to keep control	1	1.6	1.6	46.8
Records all expenses and income so that profit can be calculated	1	1.6	1.6	48.4
Records the money which goes in and out of the business to know exactly how much expenses are incurred on monthly basis	1	1.6	1.6	50.0
Records, measure growth	1	1.6	1.6	51.6
Serves to keep the business financial information on record, keeping track of all expenditure etc	1	1.6	1.6	53.2
The progress of the business	1	1.6	1.6	54.8
To ascertain profitability	1	1.6	1.6	56.5
To calculate profit	1	1.6	1.6	58.1
to calculate whether you are making a profit or a loss and to keep the records between the business and Suppliers	1	1.6	1.6	59.7
to collect data regarding sales, credits and purchases, control expenses, know which product to sell, know the health of the business	1	1.6	1.6	61.3
To enable one to have information at any given moment if required or when required	1	1.6	1.6	62.9
to ensure that the business running smoothly	1	1.6	1.6	64.5

To interpret properly what is coming in and what is going out	1	1.6	1.6	66.1
to keep all of transaction and make sure make sure all invoices are kept	1	1.6	1.6	67.7
To keep and record transactions	1	1.6	1.6	69.4
To keep track of all the expenses and the going in and out of money	1	1.6	1.6	71.0
To keep track of incoming and outgoing monies	1	1.6	1.6	72.6
To keep track of money coming in and out of the business so that we know what cash flow is over or under. Also to see whether the business is making profit or not	1	1.6	1.6	74.2
To keep track record of money coming in or going out of the business	1	1.6	1.6	75.8
To keep your business healthy	1	1.6	1.6	77.4
To know how much was sold	1	1.6	1.6	79.0
To maintain order	1	1.6	1.6	80.6
To make sure that the business functions properly and is run in a correct manner to benefit the client and the employees	1	1.6	1.6	82.3
To monitor cash that comes into and leaves the business	1	1.6	1.6	83.9
To monitor the business status and assess as to whether or not the business is making money (profit/loss)	1	1.6	1.6	85.5
To prepare records and prepare financial statement	1	1.6	1.6	87.1

To record and keep track of the business profit and various expenses, ensuring that expenses and income are at break-even and no money is being lost on monthly basis	1	1.6	1.6	88.7
To record sales, expenses and VAT owed	1	1.6	1.6	90.3
To see if you are making a profit or a loss to make sure the company is running correctly	1	1.6	1.6	91.9
To track money coming in and going out, To monitor expenditure and profits	1	1.6	1.6	93.5
to track records	1	1.6	1.6	95.2
To understand the money transaction in business and evidence	1	1.6	1.6	96.8
To understand your income and expenses and check whether the business is still viable	1	1.6	1.6	98.4
You can keep track of your income and expenses. See how much profit you generate	1	1.6	1.6	100.0
Total	62	100.0	100.0	

Can a business survive without bookkeeping?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8	12.9	12.9	12.9
business cannot survive without bookkeeping	1	1.6	1.6	14.5
I don't think so because you need to know how much money is used for stock and other unimportant things	1	1.6	1.6	16.1

i have, my business has survived without bookkeeping	1	1.6	1.6	17.7
I think a sole trader can survive without formal bookkeeping, however i believe bookkeeping is essential to a business success- no matter how simplified this process might be	1	1.6	1.6	19.4
it cannot	1	1.6	1.6	21.0
No	23	37.1	37.1	58.1
No a business cannot survive without bookkeeping	1	1.6	1.6	59.7
No because bookkeeping is order and without order your business can't run smoothly	1	1.6	1.6	61.3
No because they will be some wastage of monies and omissions	1	1.6	1.6	62.9
No every business needs bookkeeping or else there will be problems with money	1	1.6	1.6	64.5
No idea	1	1.6	1.6	66.1
No see where you are	1	1.6	1.6	67.7
No the business will not survive but will have difficulties. Business must know if its making profit or not	1	1.6	1.6	69.4
No, a business needs to be sustainable financially so they is need for monitoring the cash flow hence the essence of bookkeeping	1	1.6	1.6	71.0
No, because all records need to be known	1	1.6	1.6	72.6
No, because records and invoices needs to be kept	1	1.6	1.6	74.2
No, because you want what's going in the business	1	1.6	1.6	75.8
No, definitely not	1	1.6	1.6	77.4

No, if you do not do bookkeeping you are heading towards business failure	1	1.6	1.6	79.0
No, it can be done but won't be successful operation of the business	1	1.6	1.6	80.6
No, it cannot	1	1.6	1.6	82.3
No, it will prove to be very difficult	1	1.6	1.6	83.9
No, one would not know what their monthly income needs to be in order to make a profit rather than a loss	1	1.6	1.6	85.5
No, without bookkeeping a business can't monitor its funds	1	1.6	1.6	87.1
No, you must know whether you are making a profit and moving forward	1	1.6	1.6	88.7
No, You will not be able to see if your business are at a loss or making profit	1	1.6	1.6	90.3
Not at all	1	1.6	1.6	91.9
Not in this 21st century	1	1.6	1.6	93.5
Yes	1	1.6	1.6	95.2
Yes but it will be likely be miss-managed and not scalable	1	1.6	1.6	96.8
Yes, but most probably will fail at a later stage	1	1.6	1.6	98.4
Yes, but only if the business is super successful. If the business falters then bookkeeping is very essential	1	1.6	1.6	100.0
Total	62	100.0	100.0	

Can bookkeeping be done by anyone or there is a need for an expert (e.g bookkeeper or Accountant?)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8	12.9	12.9	12.9
Am not an accountant but i understand the numbers therefore anyone with some understanding of accounts	1	1.6	1.6	14.5
An expert is needed	1	1.6	1.6	16.1
An expert is required	1	1.6	1.6	17.7
Anyone can be trained to do bookkeeping	1	1.6	1.6	19.4
Anyone can do bookkeeping	1	1.6	1.6	21.0
Anyone can do bookkeeping but a bookkeeper or accountant is needed to check	1	1.6	1.6	22.6
Anyone can do bookkeeping however if a business becomes large a professional is needed	1	1.6	1.6	24.2
Anyone so long one understands to calculate profits	1	1.6	1.6	25.8
Anyone who has experience in recording transactions and the expert accountant or bookkeeper can check for irregularities	1	1.6	1.6	27.4
Basic bookkeeping can be done by anyone	1	1.6	1.6	29.0
Bookkeepers are required	1	1.6	1.6	30.6
bookkeeping can be done by anyone even the business owner	1	1.6	1.6	32.3
By a professional with an accounting degree	1	1.6	1.6	33.9
By an expert to avoid discrepancies that may arise if one is not well informed of what needs to be recorded	1	1.6	1.6	35.5
By anyone	1	1.6	1.6	37.1
Can be done by anyone as long there is understanding	1	1.6	1.6	38.7

Can be done by anyone who has a basic knowledge of how profit is made and understands that various transactions made (income or expense) and ensure that they balance	1	1.6	1.6	40.3
cannot be done by anyone, an accountant is needed	1	1.6	1.6	41.9
cannot be done by anyone, there is a need for an expert	1	1.6	1.6	43.5
Don't know	1	1.6	1.6	45.2
Expert	2	3.2	3.2	48.4
Expert to give final placing of entries	1	1.6	1.6	50.0
Expert-accountant	1	1.6	1.6	51.6
expert, people who are trained to do bookkeeping	1	1.6	1.6	53.2
I prefer an expert	1	1.6	1.6	54.8
If trained, it can be done by anyone	1	1.6	1.6	56.5
If you know the basics from school or course it can be done by anyone as getting an accountant will be another monthly expense	1	1.6	1.6	58.1
It can be done by anyone so long everything is recorded	1	1.6	1.6	59.7
It can be done by anyone with an understanding of the business operations	1	1.6	1.6	61.3
It can be learned by a business owner but i think an expert is needed since most business man who learn it on the job don't do it well	1	1.6	1.6	62.9
it cannot be done by anyone	1	1.6	1.6	64.5
it cannot be done by anyone, an accountant is needed as doing it yourself can mess up the business	1	1.6	1.6	66.1

It could be done by someone with basic bookkeeping knowledge and be processed by some one with qualification e.g an accountant or bookkeeper	1	1.6	1.6	67.7
it depends on the size of your business and the growth of your business. if you are not going to expand much then anyone can do bookkeeping	1	1.6	1.6	69.4
Must be a bookkeeper or accountant to ensure data integrity	1	1.6	1.6	71.0
No it cannot be done by anyone	1	1.6	1.6	72.6
No it cannot be done by anyone, an expert is needed	1	1.6	1.6	74.2
No, a person who has knowledge of bookkeeping and accounting is required	1	1.6	1.6	75.8
No, i don't think so. an expert is needed	1	1.6	1.6	77.4
Professional is needed	1	1.6	1.6	79.0
There is a need for an expert	1	1.6	1.6	80.6
There should be an expert or somebody who has received training	1	1.6	1.6	82.3
There's a need for an expert	1	1.6	1.6	83.9
This depends on many aspect of the business such as nature and size etc, however i think anyone can do basic bookkeeping e.g start-up sole traders do their own bookkeeping as hiring someone will add to expenses	1	1.6	1.6	85.5
Yes	1	1.6	1.6	87.1
Yes if the person has an idea of accounting	1	1.6	1.6	88.7

Yes it can be done by anyone, possible to learn	1	1.6	1.6	90.3
Yes it can be done. You need an expert to hepl you with tax if that is not your field. Simple straight bookkeeping can be done by anyone	1	1.6	1.6	91.9
Yes, anyone can do it as long as they know how its done	1	1.6	1.6	93.5
Yes, because every does not have the necessary skills and knowledge to do bookkeeping	1	1.6	1.6	95.2
Yes, experience is better	1	1.6	1.6	96.8
You can do it yourself and/or use programs but for tax purposes you would need at least an accountant to verify all into + for business an auditor	1	1.6	1.6	98.4
You need an expert	1	1.6	1.6	100.0
Total	62	100.0	100.0	

Is bookkeeping the most important skill needed within a business?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	9	14.5	14.5	14.5
50%, one has to have know-how for the products that are sold and how to deal with clientele	1	1.6	1.6	16.1
I believe so	1	1.6	1.6	17.7
I would say one of the important skill as many others	1	1.6	1.6	19.4
It is especially if you want your business to expand	1	1.6	1.6	21.0
It is not the most important but a necessary condition	1	1.6	1.6	22.6

It is not the most important but it is important	1	1.6	1.6	24.2
It is one of the most important aspects	1	1.6	1.6	25.8
It is one of the most important skill in a business	1	1.6	1.6	27.4
It is one of the most important skills needed because its how you manage the business knowing exactly what's going out and what's coming in	1	1.6	1.6	29.0
its is not the most important but needed to ensure that the books are up to date	1	1.6	1.6	30.6
Its one of the most important skills needed in a business. it is very important	1	1.6	1.6	32.3
No	8	12.9	12.9	45.2
No , not the most important but just important	1	1.6	1.6	46.8
No idea	1	1.6	1.6	48.4
No sales are the most important	1	1.6	1.6	50.0
No, able to sale, right product retail	1	1.6	1.6	51.6
No, entrepreneurship is essential that is creativity, resilience, confidence and passion. So much more is needed in a business than just bookkeeping-especially in the clothing/creative field	1	1.6	1.6	53.2
No, it is very important though	1	1.6	1.6	54.8
No, its not but it is a priority	1	1.6	1.6	56.5
No, management is the most important skill but bookkeeping is also important aspect of running a successful business	1	1.6	1.6	58.1

No, marketing is the most important	1	1.6	1.6	59.7
No, Product attractiveness to the customer that is the clothes you sell	1	1.6	1.6	61.3
No, sales are	1	1.6	1.6	62.9
No, sales are the most important	2	3.2	3.2	66.1
No, sales are the most important.	1	1.6	1.6	67.7
No, the most important skill is to keep your customers	1	1.6	1.6	69.4
NO, the business itself is the most important	1	1.6	1.6	71.0
Not always	1	1.6	1.6	72.6
Not as such	1	1.6	1.6	74.2
Not really the most important	1	1.6	1.6	75.8
One of but not the most important as it can be outsourced	1	1.6	1.6	77.4
One of the most important, but not the most important	1	1.6	1.6	79.0
yes	3	4.8	4.8	83.9
Yes	4	6.5	6.5	90.3
Yes and how you market you brand	1	1.6	1.6	91.9
Yes and No, It is important to make sure a business isn't losing money but even more important is knowing how to make sales that become the company's income and make as much profit as you can	1	1.6	1.6	93.5
yes it	1	1.6	1.6	95.2
Yes it is. You must be able to know what you doing	1	1.6	1.6	96.8
Yes to manage expenses	1	1.6	1.6	98.4
Yes, if your accounts and admin are not in order everything won't go well	1	1.6	1.6	100.0
Total	62	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	20	32.3	32.3	32.3
	Female	42	67.7	67.7	100.0
	Total	62	100.0	100.0	

Nationality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	South African	48	77.4	77.4	77.4
	Non-South African	14	22.6	22.6	100.0
	Total	62	100.0	100.0	

Other Nationality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		53	85.5	85.5	85.5
	Australian	1	1.6	1.6	87.1
	Bangladesh	2	3.2	3.2	90.3
	British	2	3.2	3.2	93.5
	Congo	1	1.6	1.6	95.2
	Zimbabwean	3	4.8	4.8	100.0
	Total	62	100.0	100.0	

Which Age category do you belong to?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<20 years	1	1.6	1.6	1.6
	20-30 years	25	40.3	40.3	41.9
	31-40 years	15	24.2	24.2	66.1
	41-50 years	11	17.7	17.7	83.9
	51-60 years	6	9.7	9.7	93.5
	60 years and above	4	6.5	6.5	100.0

Total	62	100.0	100.0
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What is your highest level of education?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No formal education	2	3.2	3.3	3.3
	Primary education	1	1.6	1.6	4.9
	Secondary education	12	19.4	19.7	24.6
	Certificate/Metric	13	21.0	21.3	45.9
	Diploma	22	35.5	36.1	82.0
	Bachelor's degree	10	16.1	16.4	98.4
	Master's degree	1	1.6	1.6	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

How many employees do you have? Indicate by placing a number in the box

below

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	One	12	19.4	19.7	19.7
	Two	14	22.6	23.0	42.6
	Three	10	16.1	16.4	59.0
	Four	7	11.3	11.5	70.5
	Five	8	12.9	13.1	83.6
	Six	4	6.5	6.6	90.2
	Seven	1	1.6	1.6	91.8
	Eight	1	1.6	1.6	93.4
	Nine	1	1.6	1.6	95.1
	Ten	3	4.8	4.9	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Do you import your stock (Clothes for sale) or you buy locally?

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Local	23	37.1	37.7	37.7
	Import	7	11.3	11.5	49.2
	Both	31	50.0	50.8	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		