

The Attitude of Small and Medium Enterprise (SME) Managers about Improper Accounting Practices: A Study from Bangladesh

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Abstract

Small and medium-sized enterprises (SMEs) are crucial drivers of Bangladesh's economy. This sector has been pivotal in ensuring economic growth, rapid industrialization, poverty eradication, employment generation, and GDP growth. Bangladesh Bank Report (2019) indicated that there are 7.8 million micro, small, and medium enterprises in Bangladesh, accounting for 25% of the GDP. The International Monetary Fund (IMF) country report (2012) highlighted that SMEs in Bangladesh were responsible for 99% of the private sector industrial establishments, and SMEs have created employment opportunities for 70%-80% of the nonagricultural labor force. Proper accounting practices are immensely significant for a successful and sustainable business. The study aims to determine the attitude of small and medium enterprise (SME) managers regarding improper accounting practices. This empirical study used purposive sampling techniques and a semi-structured questionnaire to collect data. A five-point Likert Scale analyzed the data, Cronbach's Alpha, correlation, factor analysis, and SPSS.22. The findings revealed that respondents have a positive attitude with the reasons of Lack of Training, Lack of Interest, Lack of Accounting Knowledge, Unnecessary, Requiring more staff, Exposing the Financial Position, and Lack of Guidelines for SMEs. Besides, respondents have a neutral attitude toward the reason for the high cost of hiring qualified accountant records, difficulty in understanding, and lack of time. Moreover, respondents have a positive attitude about the effects of poor record management, improper calculation, and Failure to ascertain the financial position and customer and supplier account balances. Failure to forecast the future, get a loan, and have a neutral attitude affect Poor decision-making and low collection of account balances.

Keywords: Attitude; Small and medium enterprise (SME); Improper accounting practices; Business management; Accounting knowledge.

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Background of the Study

To ensure balanced economic growth and sustainable development, the prosperity of Small and Medium Enterprises (SMEs) is a crying need for a nation. SMEs are treated as the driving force of a country's economy. These are important in rapid industrialization, employment generation, and poverty reduction. According to Alauddin and Chowdhury [1], with much lower investment, small and medium enterprises can create considerable employment opportunities for densely populated countries like Bangladesh. In 2010, Reed [2] mentioned that proper record-keeping provides evidence of how the transactions were handled and validates the steps taken to comply with business standards. Accounting provides accurate and updated information for making informed business decisions, making proper buying decisions, measuring exact financial performance, and determining correct financial position. Accounting also allows businesses to budget for the upcoming month, quarter, or year. Budgets, more precisely, sales budget and cash budget, inform the business owner regarding fluctuations in demand and warn about any potential cash-flow problems soon. Business owners and internal or external accounting and financial professionals can audit the books of accounts to uncover any errors or fraud, as small business accounting naturally records historical transactions. Regarding sales and personal or corporate income taxes, small business accounting creates the ground for the business owner to determine his tax obligation [3].

Objectives of the Study

The key objectives of the study are:

- To find out the attitude of SME managers about the reasons for improper accounting practices
- To find out the attitude of SME managers about the effects of improper accounting practices on business management.

Definition of SME

There is no universal definition of small and medium enterprises (SMEs), and SMEs are defined differently across the globe. The categorization of a company as an SME can be based on a number of characteristics determined by a country, international institutions, or industries. The traits may include annual sales, number of employees, amount of assets owned by the business, market capitalization, or any combination of the features.

European Commission [4] defined SMEs in terms of number of employees, annual turnover, and annual balance sheet. It is determined that meeting the criteria of the

number of employees is obligatory while satisfying another from the two financial criteria is a matter of choice of the enterprise. This definition of SMEs is shown below in a table:

Enterprise Category	Headcount: Annual Work Unit (AU)	Annual Turnover	Annual Balance Sheet Total
Small	<250	≤ €50 million	≤ €50 million
Medium	<50	≤ 10 million	≤ 10 million

Source: European Commission (2005)

Table 1. Definition of Small and Medium Enterprises with European Standard.

World Bank [5] defined SMEs using the same criteria as the European Commission but in US dollars. A business must meet the criteria of number of employees and at least one financial criteria to be categorized as small or medium business.

Enterprise Indicator (2/3)	Number of Employees	Total Assets	or	Total Annual Sales
			or	
Small	>10; ≤50	> \$1 million; ≤ 3 million	or	≤ €50 million
Medium	>50; ≤300	> \$3 million; ≤ 15 million	or	≤ 10 million

Source: Independent Evaluation Group (2008).

Table 2. Definitions of Small and Medium Enterprises by World Bank Standards.

Better Business Forum defined the existing definition of SME in Bangladesh, and the Ministry of Industry and Bangladesh Bank accepted this definition as uniform. Criteria of the definition of SME are given below:

Definition of Small Enterprise: Small enterprises are businesses which are not a public limited company and have the following criteria:

Sector	Fixed Asset other than Land and Building (Tk)	Employed Manpower (Not Above)
Service	50,000-50,00,000	25
Business	50,000-50,00,000	25
Industrial	50,000-1,50,00,000	50

Source: Bangladesh Bank SME and Special Programmes Department Report

Table 3. Definition of Small Enterprise

Definition of Medium Enterprise: Medium Enterprises are those establishments/firm which are not a public limited company and complies the following criteria:

Sector	Fixed Asset other than Land and Building (Tk)	Employed Manpower (Not Above)
Service	50,00,000-10,00,00,000	50
Business	50,00,000-10,00,00,000	50
Industrial	150,00,000-20,00,00,000	150

Source: Bangladesh Bank SME and Special Programmes Department Report

Table 4. Definition of Medium Enterprise

Literature Review and Conceptual Framework

It is a challenge for SMEs to keep accounting records properly due to shortages of trained workforce, said Pavtar [6]. Qubbaja and Talahmeh [7] found that lack of skills, the distrustful attitude of the owner/manager, the cost of hiring trained employees, and fear of disclosing all information to the government are the reasons for not maintaining proper accounting records, and the authors recommended organizing training programs to make financial statements mandatory for all SMEs. Kargbo [8] mentioned that SMEs are experiencing challenges such as shortages of training in accounting, excessive bureaucracy in the application of correct accounting practices, inaccurate calculation of profit, and difficulties in knowing the cost-worthiness of their customers. The study also found that lack of accounting knowledge, involvement of extra cost to hire or get the service of professional accountants, and distrust in accountants are some deterrents for SMEs that act as catalysts for not maintaining accounting records. Madurapperuma et al. [9] concluded that SMEs do not keep accounting records due to a lack of accounting knowledge and the cost of hiring professional accountants. These lead to inefficient use of accounting information to support financial performance measurement by SMEs. Lakew and Biribirsa [10] concluded that SMEs do not keep accounting records due to the small size of the business, the expensive cost of qualified accountants, and ignorance about the benefits of accounting. The researchers recommended arranging training programs for MSE operators. The study by Stephen and Zotorivie [11] revealed that most SMEs failed to keep appropriate accounting records because of the high cost of employing competent accountants and the owner or manager's lack of accounting knowledge. Gebremedihin [12] concluded that SMEs are not adequately applying accounting systems because of required skill shortages to handle assets and liability to prepare financial statements, the doubting attitude of the owner, the cost of hiring skilled employees, and lastly, the

fear of taxation to disclose all information. Kahsay and Zeleke [13], Kipsang and Mwangi [14], and Mersha and Ayenew [15] found that the reasons for poor accounting record-keeping include small business size, expensive hiring of qualified accountants, fundamental accounting knowledge gap, and ignorance of accounting information benefits. The study of financial accounting practices of SMEs by Zotorvies [16] in Ho Municipality, Ghana, found that most SMEs failed to keep proper accounting records for their business because of the high cost of qualified accountants and lack of accounting knowledge. Okoli [17] found that inadequate record-keeping results in ineffective assessment of financial performance. Mbroh and Attom [18] studied 217 out of 250 SMEs in Ghana in 2011. They reported that 59% did not practice formal accounting due to poor education levels and the owner or manager's insufficient accounting knowledge, making it almost impossible for them to appreciate the need to practice proper accounting in their business. A study conducted in Sri Lanka by Uddin et al. [19] found that the entrepreneur assumes that keeping proper accounting records is very difficult as it is time-consuming and expensive, requires more workforce, complies with regulatory policies, and demands technical skills and knowledge to maintain the entire system. Asaduzzaman [20] found that the difficulty in maintaining the system and lack of necessity make SME owners or managers reluctant to keep accounting records. Furthermore, he added that SME owners think maintaining accounting records causes SMEs to pay more tax. However, he suggested that educating and motivating owners and managers about the importance of proper accounting practice may improve the scenario, and even government can take the initiative to monitor and supervise SMEs regarding this issue. Chakraborty [21] cited the reasons for poor accounting practices by many SMEs as lack of regulations, audits, size of the business, ownership structure, inadequacy of resources, and lack of awareness. Aladejebi and Oladimeji [22] reported that time, cost, knowledge of business owners, and unskilled accounting staff are the reasons behind inadequate record keeping. Maseko and Manyani [23] said that SMEs do not keep complete records because of knowledge inadequacy in accounting and the high cost of engaging professional accountants. Adeoti and Asabi [24] suggested arranging regular training on proper business record keeping to develop the habit of keeping a complete and accurate business record for sound decision-making. Idewe [25] mentioned that time, lack of required knowledge and skills, poor documentation, ignorance, and insufficient worker support are the reasons for poor organization record keeping. The study also recommended that the parties involved in managing SMEs participate in seminars, international meetings, and conferences. Sibanda and Manda [26] found that SME owners think there is hardly any reason to keep accounting records and that it

helps to disclose their financial position to external parties. The study recommended organizing training programs to inform SMEs about complying with relevant accounting practices, including internal controls and legal requirements. Based on an extensive literature review, the following framework has been developed to determine the attitude of SME managers in Bangladesh.

Improper Accounting Practices Developed by the Authors

Reasons for Improper Accounting Practices

1. Lack of Training [6]
2. High cost of hiring qualified accountant [7]
3. Lack of Accounting Knowledge [8]
4. Difficult to understand [20]
5. Unnecessary [20]
6. Require more staff [19]
7. Exposes the financial position [8]
8. Lack of Interest [10]
9. Lack of guidelines for SME [19]
10. Lack of time [25]

Effects of Improper Accounting Practices

1. Poor record mgt.
2. Improper calculation [17]
3. Failure to ascertain financial position [12]
4. Customer and supplier account balances
5. Failure to forecast the future
6. Failure to get a loan [8]
7. Poor decision making and [24]
8. Low collection of account balances.

Figure 1. Conceptual framework

Methodology of the Study

The study was conducted among 602 SMEs operated in the Feni district. The survey was conducted directly among the SME Managers. During the survey, the respondents were asked whether they maintained proper books of account; if they did not, a semi-structured questionnaire would be distributed to them to respond. The researchers developed the questionnaire after an extensive review of the literature. Among 602 SMEs, 85 were found not to maintain proper books of account.

Study Area: The study was conducted on six upazilas, namely Chhagalnaiya, Daganbhuiyan, Feni Sadar, Fulgazi, Parshuram, and Sonagazi under the Feni district.

Research approach: This is empirical research based on the questionnaire.

Sample Size and Sampling Methods: The sample size of this research is 85 SMEs in the Feni district. The purposive sampling method was used to collect data.

Data Collection Technique

This study has used both primary and secondary data. A semi-structured questionnaire was given to the respondent to collect primary data. It was divided into two levels:

- a) Profile of the Respondents: Personal and business-related data.
- b) Research questions

Responses from the sample firms were recorded using a five-point Likert Scale.

Data Analysis Technique

Cronbach's Alpha was used to test the reliability and validity of the collected data, which was confirmed by correlation and factor analysis. SPSS Software.22 was used for descriptive statistics (Mean, Standard Deviation, Frequency Table, and Percentage). To analyze and rank the results of the 5-point Likert Scale, the minimum and maximum values are calculated by $(5 - 1 = 4)$ and then divided by 5 as it is the greatest value of the scale $(4/5 = 0.8)$ [27], as follows:

The length of the cells is determined below:

- From $(1 - 1.80)$ represents a Very Low score on the Likert scale/a very low score on attitude/ perception indicates a respondent's very low level of attitude/perception
- From $(1.81 - 2.61)$ represents a low score on the Likert scale, and a low score on attitude/ perception indicates a respondent's low level of attitude/perception.

- From (2.62 – 3.42) represents a Medium score on the Likert scale/a moderate score on attitude/perception indicates a respondent's moderate level of attitude/perception.
- From (3.43 – 4.23) represents a High score on the Likert scale/a high score on attitude/ perception indicate a respondent's high level of attitude/perception.
- From (4.24 – 5.04) represents a Very High score on the Likert scale/a very high score on attitude/ perception indicates a respondent's very high level of attitude/perception.

Results

Descriptive Statistics

The study was conducted among 85 SMEs operated in the Feni district.

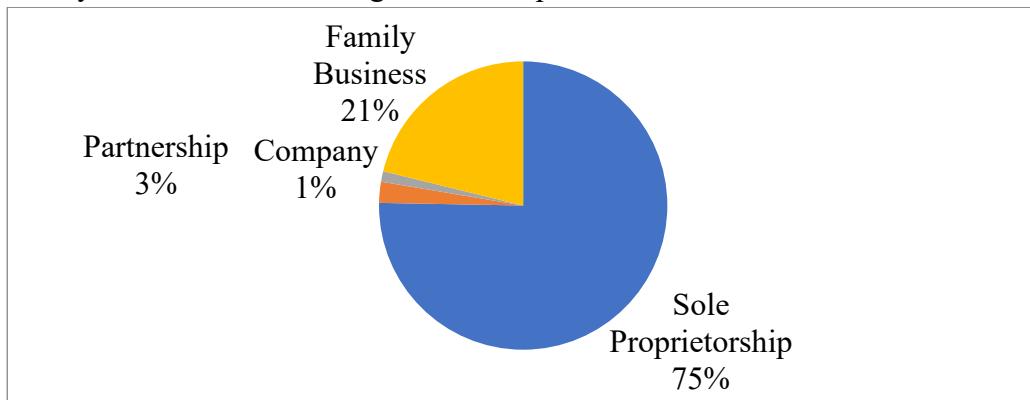


Figure 2. Ownership structure of the sample firms

The above figure represents that out of 85 sample firms, 75% are sole proprietorships in nature, 21% are family businesses, 3% of the firms are partnerships, and 1% are company in nature.

	Frequency	Percent
Up to SSC	40	47.1
Up to HSC	18	21.2
BBA\Honours	23	27.1
MBA\Masters	4	4.7
Total	85	100.0

Source: Field Survey, 2022

Table 1. Educational status of the respondents

Table 1 shows that out of 85 respondents, 40 have educational qualifications up to SSC, 18 have educational qualifications up to HSC, 20 have BBA\Honours, and 4 have only MBA\Masters.

Results and Discussion

Reasons and Effects for Not Keeping Accounting Records

According to Table 2, the reliability test results of eighteen items (10 items as reasons and 8 as effects) are higher than 0.7. Thus, the internal consistency of the measures used in this study can be considered acceptable for the reasons and effects of not keeping accounting records. Therefore, the collected data could be used for further statistical analysis.

Cronbach's Alpha	Number of Items
0.744	18

Source: SPSS Output (2022)

Table 2. Results of the reliability test

	1	2	3	4	5	6	7	8	9	10	11
Lack of Training	1										
Lack of Interest	0.275*	1									
High cost of hiring a qualified accountant	0.458**	0.343**	1								
Lack of Accounting Knowledge	0.188	0.062	0.356**	1							
Difficult to understand	0.260*	0.194	0.355**	0.361**	1						
Lack of guidelines for SME	0.160	0.010	0.315**	0.331**	0.256*	1					
Unnecessary	0.143	0.358**	0.288**	0.161	0.386**	0.200	1				
Lack of time	0.048	0.151	0.188	0.082	0.269*	0.075	0.248*	1			
Require more staff	-0.007	0.075	0.229*	0.192	0.306**	0.288**	0.263*	0.311**	1		
Expose the financial position	0.121	0.062	0.247*	0.147	0.232*	0.119	0.340**	0.189	0.375**	1	
Total	0.519**	0.467**	0.686**	0.521**	0.642**	0.474**	0.618**	0.463**	0.547**	0.533**	1

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output (2022)

Table 3. Results of correlation analysis of the reasons for not keeping accounting records

The corresponding critical correlation value r_{crc} for a significance level of $Alpha = 0.05\alpha = 0.05$, for a two-tailed test is $r_c = 0.213rc = 0.213$. The total correlation value of the above ten items individually is greater than the critical value of 0.213 at a 5% level of significance, Degree of Freedom = 84, so these items are valid, and the correlation is significant. According to Table 3, there is a significant positive

relationship between the items set as the reasons for not keeping accounting records by SMEs at 0.01 level of significance where total calculated scores are 0.519, 0.467, 0.686, 0.521, 0.642, 0.474, 0.618, 0.463, 0.547 and 0.533 respectively.

	1	2	3	4	5	6	7	8	9
Poor record mgt.	1								
Improper calculation	0.372**	1							
Failure to ascertain the financial position	0.303**	0.485**	1						
Customer and supplier account balances	0.027	0.407**	0.459**	1					
Failure to forecast the future	0.123	0.464**	0.396**	0.370**	1				
Failure to get a loan	0.322**	0.330**	0.371**	0.338**	0.449**	1			
Poor decision making	0.056	-0.084	0.210	0.103	0.107	0.303**	1		
Low collection of account balances	-0.025	-0.014	0.146	0.180	0.022	0.130	0.384**	1	
Total	0.434**	0.626**	0.718**	0.619**	0.649**	0.718**	0.469**	0.393**	1
*. Correlation is significant at the 0.05 level (2-tailed).									
**. Correlation is significant at the 0.01 level (2-tailed).									

Source: SPSS Output (2022)

Table 4. Results of correlation analysis of the effects of not keeping accounting records

The corresponding critical correlation value r_{crc} for a significance level of $Alpha = 0.05\alpha = 0.05$, for a two-tailed test is $r_c = 0.213rc = 0.213$. The total correlation value of the above eight items individually is greater than the critical value of 0.213 at a 5% level of significance, Degree of Freedom = 84, so these items are valid, and the correlation is significant.

According to Table 4, there is a significant positive relationship between the items set as the effects of not keeping accounting records by SMEs at 0.01 level of significance where total calculated scores are 0.434, 0.626, 0.718, 0.619, 0.649, 0.718, 0.469 and 0.393 respectively.

Descriptive Statistics of Reasons and Effects of Not Keeping Accounting Records

Reasons for not keeping accounting records	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Lack of Training	2	27	10	34	12	85
Lack of Interest	0	9	15	44	17	85
High cost of hiring a qualified accountant	1	7	41	29	7	85
Lack of Accounting Knowledge	1	21	28	30	5	85
Difficult to understand	0	12	45	24	4	85
Lack of guidelines for SME	0	4	30	42	9	85
Unnecessary	0	15	32	28	10	85
Lack of time	0	12	39	24	10	85
Require more staff	0	19	27	32	7	85
Exposes the financial position	2	16	33	24	10	85
Effects of not keeping accounting records						
Poor record mgt.	0	1	25	44	15	85
Improper calculation	0	11	27	35	12	85
Failure to ascertain the financial position	0	12	23	41	9	85
Customer and supplier account balances	0	12	30	36	7	85
Failure to forecast the future	1	19	31	25	9	85
Failure to get a loan	3	15	31	25	11	85
Poor decision making	2	26	32	18	7	85
Low collection of account balances	1	25	38	17	4	85

Source: SPSS Output (2022)

Table 5(a). Analysis of responses

From the Table 5(a) analysis of responses, it has been found that out of 85 respondents, 34 respondents agree with the reason for Lack of Training, 44 respondents agree with the reason for Lack of Interest 41 respondents moderately agree with the reason High cost of hiring qualified accountant records, 30 respondents

agree with the reason Lack of Accounting Knowledge, 45 respondents moderately agree with the reason Difficult to understand, 32 respondents moderately agree with the reason Unnecessary, 32 respondents agree with the reason Require more staff and 33 respondents moderately agree with the reason Exposes the financial position, 42 respondents agree with the reason lack of guidelines for SME and 39 respondents moderately agree with the reason lack of time. Furthermore, on the other hand, out of 85 respondents, 44 respondents agree with the effect of Poor record mgt., 35 respondents agree with the effect of improper calculation, 41 respondents agree with the effect of Failure to ascertain financial position, 36 respondents agree with the effect Customer and supplier account balances. 31 respondents moderately agree with Failure to forecast the future, 31 respondents moderately agree with Failure to get the loan, 32 moderately agree with the effect of Poor decision-making, and 38 moderately agree with the effect of Low collection of account balances. The respondents' opinions have been categorized into three categories: strongly agree and Agree as a positive attitude; strongly disagree and Disagree as a negative attitude; and neutral, represented in Table 5(b).

Reasons for not keeping accounting records	Negative	Neutral	Positive	Total Percentage
Lack of Training	34.1%	11.8%	54.1%	100%
Lack of Interest	10.6%	17.6%	71.8%	100%
High cost of hiring a qualified accountant	9.4%	48.2%	42.4%	100%
Lack of Accounting Knowledge	25.9%	32.9%	41.2%	100%
Difficult to understand	14.1%	53%	32.9%	100%
Lack of guidelines for SME	4.7%	35.3%	60%	100%
Unnecessary	17.6%	37.6%	44.8%	100%
Lack of time	14.1%	45.9%	40%	100%
Require more staff	22.4%	31.8%	45.8%	100%
Expose the financial position	21.2%	38.8%	40%	100%
Effects of not keeping accounting records				
Poor record mgt.	1.2%	29.4%	69.4%	100%
Improper calculation	12.9%	31.8%	55.3%	100%
Failure to ascertain the financial position	14.1%	27.1%	58.8%	100%
Customer and supplier account balances	14.1%	35.3%	50.6%	100%
Failure to forecast the future	23.5%	36.5%	40%	100%
Failure to get the loan	21.2%	36.5%	42.3%	100%

Poor decision making	32.9%	37.6%	29.5%	100%
Low collection of account balances	30.6%	44.7%	24.7%	100%

Table 5(b). Analysis of responses

Table 5(b), analysis of responses, represents that 54.1% of respondents have a positive attitude as the reason for Lack of Training, 71.8% of respondents with Lack of Interest, 48.2% of respondents have a neutral attitude with the reason High cost of hiring qualified accountant records, 41.2% respondents have a positive attitude with Lack of Accounting Knowledge, 53% respondents have a neutral attitude with the reason Difficult to understand, 44.8% respondents have a positive attitude with Unnecessary, 45.8% respondents have a positive attitude with the reason Require more staff, and 40% respondents have a positive attitude with the Exposes the financial position, 60% respondents have a positive attitude with lack of guidelines for SME and 45.9% respondents have neutral attitude with the reason lack of time. On the other hand, out of 85 respondents, 69.4% have a positive attitude about the effect of poor record mgt., 55.3% of respondents had the effect of improper calculation, 58.8 % of respondents had the effect of Failure to ascertain financial position, and 50.6% of respondents had the effect of customer and supplier account balances. 40% of respondents with the effect of Failure to forecast the future, 42.3% of respondents with the effect of Failure to get the loan, 37.6% of respondents have a neutral attitude with the effect of Poor decision making, and 44.7% of respondents have a neutral attitude with the effect Low collection of account balances.

Reasons for not keeping accounting records	N	Mean	S. D.	Interpretation
Lack of Training	85	3.32	1.14	Moderate
Lack of Interest	85	3.81	0.880	Agree
High cost of hiring a qualified accountant	85	3.40	0.805	Moderate
Lack of Accounting Knowledge	85	3.20	0.923	Moderate
Difficult to understand	85	3.24	0.750	Moderate
Lack of guidelines for SME	85	3.66	0.733	Agree
Unnecessary	85	3.39	0.914	Moderate
Lack of time	85	3.55	0.880	Agree
Require more staff	85	3.32	0.916	Moderate
Exposes the financial position	85	3.28	0.983	Moderate

Effects of not keeping accounting records				
Poor record mgt.	85	3.86	0.710	Agree
Improper calculation	85	3.56	0.892	Agree
Failure to ascertain the financial position	85	3.55	0.866	Agree
Customer and supplier account balances	85	3.45	0.838	Agree
Failure to forecast the future	85	3.26	0.966	Moderate
Failure to get the loan	85	3.31	1.024	Moderate
Poor decision making	85	3.02	0.976	Moderate
Low collection of account balances	85	2.98	0.859	Moderate

Source: SPSS Output (2022)

Table 6. Descriptive analysis of reasons and effects of not keeping accounting records

According to Table 6, based on the mean perception score and standard deviation, it has been found that respondents moderately agree with the reasons stated as Lack of Training, High cost of hiring qualified accountant, Lack of Accounting Knowledge, Difficult to understand, Unnecessary, Require more staff and Exposes the financial position. On the other hand, respondents agree with the reasons stated as Lack of Interest, Lack of guidelines for SMEs, and lack of time. The respondents were also asked to provide opinions on the effects of not keeping accounting records; they agreed with the effects stated as Poor record mgt., improper calculation, Failure to ascertain the financial position, and Customer and supplier account balances. On the other hand, they moderately agree with the effects stated as Failure to forecast the future, Failure to get a loan, Poor decision-making, and Low collection of account balances.

Discussion

Out of 602 respondents, 85 respondents did not keep accounting records properly. The respondents who did not maintain proper accounting records were asked to provide their opinions about the stated reasons and the effects of those reasons. It was found that out of 85 respondents, 54.1% had a positive attitude with the reason of Lack of Training, 71.8% of respondents had Lack of Interest, 48.2% respondents had a neutral attitude with the reason of High cost of hiring qualified accountant records, 41.2% respondents have a positive attitude with Lack of Accounting Knowledge, 53% respondents have a neutral attitude with the reason Difficult to understand, 44.8%

respondents have a positive attitude with Unnecessary, 45.8% respondents have a positive attitude with the reason Require more staff, and 40% respondents have a positive attitude with the Exposes the financial position, 60% respondents have positive attitude with lack of guidelines for SME and 45.9% respondents have neutral attitude with the reason lack of time. On the other hand, out of 85 respondents, 69.4% have a positive attitude about the effect of poor record mgt., 55.3% of respondents had the effect of improper calculation, 58.8 % of respondents had the effect of Failure to ascertain financial position, and 50.6% of respondents had the effect of customer and supplier account balances. 40% of respondents with the effect of Failure to forecast the future, 42.3% of respondents with the effect of Failure to get the loan, 37.6% of respondents have a neutral attitude with the effect of Poor decision making, and 44.7% of respondents have a neutral attitude with the effect Low collection of account balances.

The findings also revealed that based on the mean perception score and standard deviation it was also found that respondents moderately agreed with the reasons stated as Lack of Training, High cost of hiring qualified accountant, Lack of Accounting Knowledge, Difficult to understand, Unnecessary, Requiring more staff, and Exposes the financial position. On the other hand, respondents agree with the reasons stated as Lack of Interest, Lack of guidelines for SMEs, and lack of time. The respondents were also asked to provide opinions on the effects of not keeping accounting records; they agreed with the effects stated as Poor record mgt., improper calculation, Failure to ascertain the financial position, and Customer and supplier account balances. On the other hand, they moderately agree with the effects stated as Failure to forecast the future, Failure to get a loan, Poor decision-making, and Low collection of account balances.

Implication of the Study

SMEs are considered a driving force in a developing country like Bangladesh. Most of the emerging countries' economies are primarily based on the SME sectors of that country. In Bangladesh, SMEs' contribution to GDP is 25% [28], which is comparatively lower than that of other Asian countries. So, for inclusive development and poverty reduction in Bangladesh, priority must be given to the SME sector. Accounting is called the mirror and also the language of a business. Without proper records of business activities, a business cannot correctly determine its financial performance and position; instead, the interested parties of that organization also get misleading information that results in misleading decisions. Policymakers also do not get the proper information, negatively affecting their policies. So, it is a crying need to

inform SMEs about the importance of proper financial reporting. Policymakers and regulatory bodies can use the findings of this paper for their policymaking and other managerial purposes. Due to a lack of proper accounting records, organizations cannot manage cash flow and identify the business's strengths and weaknesses. During the study, it was found that most of the owners and managers were not aware of the reporting of their business. Lack of business education means they cannot use financial information accurately for their decision-making. Most of them lack formal training in the accounting systems of an organization. They fear that if they maintain records properly, it will increase the burden of the tax. They then tend to hide information about their business. If the SME sectors are nurtured properly, then this sector may largely contribute to the economy in the future.

Conclusions and Further Research

This research covered all the regions of a district. The first in-depth research provides a snapshot of the SMEs' accounting system. So, the research outcomes will create new knowledge that will help the SME sector to run smoothly and contribute extensively to the economy of Bangladesh. This study will also create awareness among SMEs about the importance of keeping accounting records, and the regulatory bodies can take the appropriate measures based on the result. Such research can be performed in any other region and sector of Bangladesh. This research is qualitative, mainly in nature. That is why quantitative research can also be performed in this field.

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