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## **Strategic Records Management Practices and Small Enterprises at Kenyan Coast**

**Dr. Uzel Jean Mutindi Mzera**

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# Strategic Records Management Practices and Small Enterprises at Kenyan Coast

**Dr. Uzel Jean Mutindi Mzera**

**Technica University of Mombasa**

**P.O. Box 90420-80100**

**Mombasa**

**Email: [uzeljeanmutindimzera@tum.ac.ke](mailto:uzeljeanmutindimzera@tum.ac.ke)**

**[jeanmzera@gmail.com](mailto:jeanmzera@gmail.com)**

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## Abstract

Strategic Record Management is a crucial element in the future growth and development of any organization yet researchers have established that not all organizations pay close attention to this key element. Globally, the growth of small enterprises has been adopted by countries to improve their economies, create wealth and reduce poverty. However, small enterprises have been facing many challenges with reference to strategic record management which have thwarted their efforts towards sustainability and long-term growth. The study sought to establish the influence strategic record management and Small Enterprise Growth in Kenyan Coast. It specifically investigated the types and procedures of strategic records as well as the perceptions of enterprise owners towards strategic records management. A semi structured questionnaire was administered to 384 businesses that were sampled through simple random sampling. Reliability and validity of the questionnaire was done using Cronbach's Alpha whose results were reliable at above 0.7. Data was analyzed using descriptive as well as inferential statistics with the help of Statistical Package for Social Scientists. Particularly noteworthy was the strong positive linear relationship between Growth of SMEs and TSR ( $R= 0.645$ ,  $p\text{-value}= 0.000$ ). However, the dependent variable showed a moderate correlation with PEO ( $R= 0.228$ ,  $p\text{-value}= 0.000$ ). These Pearson correlation coefficients indicated the individual impact of each variable on a unit increase in Growth of SMEs. It was further revealed that a one unit increase of TSR was associated with a 0.021 unit increase in growth of small enterprise. Besides, a unit increase in PEO yielded a 0.400 unit increase in growth of small enterprises. The findings of the study revealed that there was a significant relationship between strategic records management and the growth of small enterprises in Kenyan coast. The study identified certain key strategic record management records that were necessary for growth of SEs such as financial records, customer records and procurement records among others. The study also established that SE owners had a positive attitude towards strategic record management but variety of tools which can provide and generate the required info to meet managerial needs. The study

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concluded that there was need for creation of awareness, training and continuous improvement with reference to the uptake of strategic records management practices by small enterprises in Kenyan Coast.

**Key Words:** *Strategic Records Management, Growth of Small Enterprises, Kenyan Coast.*

## 1.0 Introduction

Small Enterprises (SEs) have been defined differently by many people thus there is no universally accepted criteria for defining them but in Kenya the term refers to enterprises whose employees are between 1 and 9 (Wangui, 2020). Franks (2013) stated that strategic records management adopted by different small enterprises were largely depended on the nature and size of the enterprise as well as the purpose. Strategic records range from daily records which captures all daytime financial transactions as well as the various ledgers, trial balances, records of work done, reporting and departure times, employee records and stakeholder records among others (Ademola *et.al.*, 2012). The development of small enterprises has been given prominence in almost all the nations of the world especially financial lenders, non-governmental firms as well as development economists and business people (Adeoti & Asabi, (2018). The success or failure of small enterprises is dependent on their financial viability which requires them to have evidence of cash flow for both financial assessment and long-term enterprise development as well as performance. However, it has been noted that one of the biggest concerns of small enterprises has been poor strategic record management practices which affects their profitability (Freda, 2014). Small enterprises must adopt strategic records management to justify the access to financial cash flow which is important to their long-term growth. Lenders of finance will require firms to provide various requisite strategic records and systems to support the access credit facilities which is a key requirement for the growth and development of small enterprises,

Kalosupa and Ngulume (2012) observed that small enterprises lack strategic records and systems which are available to larger firms because they lack professional staff which forces the owners to perform the accounting functions within limited time, resources and qualifications. Amoako, *et.al.*, (2014) postulates that strategic records management improves accuracy, efficiency and transparency which are enablers of enterprise growth of SEs through provision of mechanisms for measuring business growth and performance to inform strategic decision making. Lowry and Wamukoya (2014) further highlights that strategic records management will culminate to performance which will increase trade and create jobs for improvement of world economies. Accordingly, SEs should be facilitated to enable them to prepare and manage strategic records which will enable them to track their performance (Siekeiet *et.al.*, 2013). In Kenya the small enterprises sector contributes 20% of gross domestic products hence the sector has continued to grow and contribute to economic development through creation of employment, generation of income, reduction of poverty as well as development of industries (Economic Survey, 2013). Lung'aho and Rotichn (2014) observed that enterprise development in big economies contributed over 55% of GDP and 65% of employment opportunities especially among young people. In the African context the growth of SEs increases trade, job creation and provision of essential services to the community as well as substituting government programs (Masutha & Rogerson, 2014). RoK (2013) highlighted that in the Kenyan context small enterprises have played a lead role in improving the livelihoods of citizens and are key pillars of the private sector employing 80% of the workforce population. Small enterprises require to manage strategic records in order to use them to make important business decisions and plan effectively for business growth. Muteti,

Namusonge and Nzomo (2018) state that Proper strategic records management enables small enterprises to have the required information which can be used by stakeholders for the purpose of financial decision making (Makinen, 2013). established various challenges facing small enterprises in Kenya and concluded that lack of competent employees, manual accounting records as well as time constraints were hindering small enterprise growth.

Adeoti and Osabi (2018) noted that strategic records management practices were the main cause of failure of small enterprises within the first seven years. In spite of the Kenyan government providing an enabling environment as well as financial facilitation through financial and government institutions, small enterprises have not been transiting to the 2<sup>nd</sup> generation due to poor strategic records which blocs them from qualifying to access tenders and financial services. The lack of strategic records management has been identified as one of the challenges facing small enterprises growth among others yet it is unanimously agreed that their contribution to the world cannot be overestimated. Priya and Guhaand (2013) established that small enterprises that survive beyond the startup phase encountered record management challenges, lack of cash flows and the inability to generate strategic information for record keeping. Muemi and Rotich, (2011) identified bottlenecks to enterprises growth which include poor accounting systems, lack of government policies and informal accounting management procedures. Kaplan (2012) observed that small enterprises face day to day challenges which range from lack of business skills, lack of use of ICT systems as well as poor strategic records management (Mohamed, Rashel & Mwangike, 2018). established that there was lack of proper guidance on the criteria for selecting appropriate strategic record management systems for small enterprises. Wanjiku (2020) identified a lack of a variety of tools which can provide and generate the required info to meet managerial needs. The study sought to establish the types of strategic records, the perceptions of enterprise owners and procedures used in strategic records management and their influence on small enterprise growth in Kenyan Coast.

## 2.0 Theoretical Framework

Small Enterprises (SEs) are vital in the growth of a country and it is estimated that the growth of a country's economy is positively correlated to the nature of a countries SEs. Abuki, (2015). highlighted that SEs growth and development contributes to the poverty reduction and achievement of a county's achievement of her economic and social goals. These include a positive influence on poverty reduction and improvement of the living standards of the citizens as well as contributing to a positive GDP. Small Enterprises (SEs) growth supplies the desired circulation of finance which leads to a proper distribution of income and employment, wealth creation and production of goods and services to meet basic needs of citizens. Kenya National Bureau of Statistics (2010) highlights that SEs contribute to over 88% of new jobs every year and around 18 % of GDP. Kenya expects SEs to play a central role in employment, and poverty reduction and improvement of the living standards of its citizens. To enhance SE growth there has been a change in bank policy whereby SEs have been accessing financial services from banks or micro finance services without the demand for collateral (Usman & Udensi, 2013). However, despite all the efforts that the government has been putting in mitigating the adverse effects of the economy to SEs, it has become difficult for some of them to survive beyond the first few years of which is attributed to many factors of which poor record management among is among them.

Akor and Udensi (2013). highlighted a positive relationship between strategic record keeping training and the level of uptake of strategic records management and observed that failure to keep

strategic records would lead to collapse of businesses soon after their establishment. Masutha and Rogerson (2014) proposed that strategic record keeping was among the key things that an entrepreneur would not be willing to forgo if their business were to grow. Muratha (2011) stated that SEs had failed to keep adequate strategic records which are meant to help them in knowing the wellbeing of a business. The systems that are used to record business information are diverse and they differ from business to business but it is essential to record all financial and other business transactions for purpose of business growth and development. Mwebesa *et, al.*, (2018) studied the role of strategic records on the development of enterprises and established that financial records had a positive influence on the performance of small enterprises. Strategic records management plays a major role in the future development of an enterprises because it determines the success or failure of an enterprises (Penn & Penniy, 2017). Ademola (2012) states that there is no basic requirement of keeping records in a certain format although the final output should reflect the income and expenditure of the enterprises as well as the assists and liabilities. Shepherd & Yeo (2013) supported the classification of strategic records as manual and computerized record keeping.

### 3.0 Research Methodology

Kothari (2014) state that research philosophy encompasses the approach to understanding and transfer of knowledge that has been collected overtime through studies. Schwartz-Shea and Yanow (2013) reviewed philosophy on research to include consideration for diverse reactions on various positionings of the business. The philosophy that guided this research was positivism philosophy. It comprises hypothesis development to be confirmed in the research process using the existing theories. The study used mixed research design which includes descriptive and cross-sectional research designs to survey and collect relevant information on strategic record management and SE growth in Kenyan Coast.

Descriptive research design as well as the cross-sectional design allowed the evaluation of the impact of multiple variables on a single variable without manipulating the variable. In particular, this research investigated the influence of the types of strategic records, as well as the attitude/perception of SE owners on SE growth. The study tested correlations relating to the current status of the relevant variables. The cross-sectional survey design was applied because of the large nature of the population of SEs involved in this study (Suter, 2012). The population of the study was selected at random from the Kenyan Cost. The target population was SE owners or managers from Kenyan coast. The cadre was targeted because they are reputed to have the required information, knowledge as well as experience regarding subject of study. Data was analyzed by means of descriptive and inferential statistics and presented by means of linear regression model,  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$

Where:

Y = The Growth of SEs

$\beta_0$  = Constant Variable

$\beta_1, \beta_2$ , are Regression coefficients

$X_1$  = Types of Strategic Records

$X_2$  = Perceptions of Enterprise Owners;  $\varepsilon$  = Error term



#### 4.0 Research Findings and Discussion

##### Correlation Results

A correlation analysis was run to gauge the linear connections between various variables. Remarkably, the dependent variable, Growth of SMEs, exhibited linear relationships with the predictor variables. Particularly noteworthy was the strong positive linear relationship between Growth of SMEs and *TSR* ( $R= 0.645$ ,  $p\text{-value}= 0.000$ ). However, the dependent variable showed a moderate correlation with *PEO* ( $R= 0.228$ ,  $p\text{-value}= 0.000$ ). These Pearson correlation coefficients indicated the individual impact of each variable on a unit increase in Growth of SMEs. Additionally, the p-values below 0.01 and 0.05 indicated the statistical significance of these linear relationships in a two-tailed test. For a detailed breakdown of these findings, refer to Table 1 below:-

**Table 1: Correlation Results**

		<i>TSR</i>	<i>PEO</i>	Growth of SME
<i>TSR</i>	Pearson Correlation	1		
<i>PEO</i>	Pearson Correlation	.204*	.144	
	Sig. (2-tailed)	.012	.078	
Growth of SME	Pearson Correlation	.645	.228**	.458**
	Sig. (2-tailed)	.000	.005	.000

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

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

The above results indicate that SRM indicators positively and significantly influence the growth of SE. The results are supported by other researchers who opined that strategic records management is a key business decision which in turn impacts on SE growth (Kwatsha, 2010). Therefore, business owners are supposed to embrace SRM to drive their growth.

##### 4.2 Regression Analysis

Multiple regression analysis was carried out to establish the relationship between types of strategic records, Strategic record management practices and perceptions of Small Enterprise owners and the growth of small enterprises in Table 2 below: -

**Table 2: Model Summary of Strategic Records Management (SRM) and the growth of Small Enterprises (SE).**

Model	R	R Square	Adjusted Square	R Standard Error of the e
1	0.937(a)	0.878	0.847	0.87188

a. Predictors (constant. Types of strategic records (TSR) and Perceptions of Enterprise Owners (PEO).

The Regression Analysis results ascertained the statistical significance of the study variables namely Types of strategic records, and perceptions of enterprise owners. Strategic Records Management (SRM) variables were found to have a positive relationship with growth of small

enterprises as shown through the R-Squared of 0.878 which translated to the fact that SRM explains 87.8% of the variation in the growth of SE. Njeru (2015) supported these results in his study of strategic management practices and the performance of SMEs in Kenya. The study established a positive relationship between the application of strategic records and the growth of small enterprises.

**Table 3: Analysis of Variance (ANOVA)**

Model	Sum of Squares	DF	Mean Square	F	Sig.
1 Regression	87.704	3	29.234	36.091	.0000
Residual	12.163	15	0.810		
Total	99.867	18			

a. Predictors (constant. Types of Strategic Records (TSR), and Perceptions of Enterprise Owners (PEO)).

b. Dependent Variable: Growth of SEs

The F-value in the ANOVA table tests whether the overall regression model is a good fit for the data. Table 3 shows all independent variables were statistically significant because the F-value is 29.234 at significance level of 0.000 which is lower than 0.05 levels of significance. Chiwanza and Mutongi (2016) supported these results as they established that strategic record management positively influenced the growth of small enterprises.

**Table 4: Regression Coefficients for Strategic Records Management (SRM) and Growth of Small Enterprises**

Model	Unstandardized coefficients		Standardized coefficients		
	B	Std Error	Beta	t	Sig.
1(Constant)*	0.469	0.451	1.034	1.034	0.301
TSR	0.021	0.103	0.210	0.200	0.003
PEO	0.400	0.112	3.338	3.348	0.001

Dependent Variable: Growth of SEs

From Table 4 it was also evident that only three predictor variables had a significant influence on the contingent variable. The predictor variables were: TSR and PEO and Comprehensively, these three variables confirmed their significant influence on the contingent variable at a 95% confidence interval (p-values < 0.05). Therefore, the unstandardized coefficient section in Table 3 revealed that a one unit increase of TSR was associated with a 0.021 unit increase in growth of small enterprise. Besides, a unit increase in PEO yielded a 0.400 unit increase in growth of small enterprises. Consequently, the model was put as:

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$$Y = 0.469 + 0.021 \text{ TSR} + 0.400 \text{ PEO} + \varepsilon$$

Where:

*TSR* = Types of Strategic Records

*PEO* = Perceptions of Enterprise Owners

$\varepsilon$  = Error term

## 5.0 Conclusion

The study investigated the influence of strategic record keeping practices on the growth of SEs in Kenyan Coast. The research found out that there was a significant positive relationship between all the variables of study and SE owners. The study established the types of strategic records that small enterprises had to maintain to influence their growth. The findings indicate that the types of records, their creation, storage and accessibility enhanced the growth of small enterprises. The respondents found accounting records, customer records, tax records, employee records and supplier records to have been the strategic records that were indispensable if small enterprises were to experience the much-required growth. The research established a positive relationship between the application of records and the growth of small enterprises. The study also sought to find out the extent to which the attitudes of small enterprise owners towards strategic record keeping and it established that small enterprise owners had a positive attitude towards strategic record keeping although they stated challenges such as time wasting, cost, low knowledge, lack of training, and taxation as some of the impediments to full actualization of appropriate record keeping. The perception of some SE owners was that much time was required, costs for record keeping were high while others felt that record keeping was key to the success of SEs. However, it was also established that small enterprise owners were found to be a bit reluctant to adopt strategic records management because of the challenges that they were experiencing. It was concluded that Records management has been viewed to be an effective in facilitating easy and fast access to records as well as accurate creation and retrieval of records which influences service delivery hence influencing service delivery of SMEs.

## 6.0 Recommendations

The study recommended that SE owners should prepare strategic records which should guide their daily activities. SE owners should also embrace knowledge of the strategic management records and hence spearhead the record keeping processes in their organizations. Small enterprise owners should also improve strategic record management policies, procedures and systems in order to enhance their performance. Regulatory authorities should also ensure compliance of SE to the set rules with reference to record keeping. The study also recommended that small enterprise owners should be trained on strategic records management as well as the key employees who interact with records. Small Enterprise owners were also encouraged to adopt record management systems as well as technology so that they can enhance the effectiveness and efficiency of strategic record management practices. The study examined SMEs in Kenyan coast and therefore other studies should be done to examine other sectors and also other areas not covered in this study. This study also used descriptive survey which is limited by the use of questionnaires and therefore other studies can be done to replicate the study using other study instruments.



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