

**RECORDS KEEPING OF SMALL AND MEDIUM – SCALE ENTERPRISES PRACTICES IN GHANA AND PHILIPPINES: BASIS FOR AN ENHANCED TAX REFORM SYSTEM**

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Abstract

The objectives of the study on records keeping of small and medium-scale enterprises practices in Ghana and Philippines are as follows: Determine the current status of the small and medium- scales industries in Ghana and the Philippines. Evaluate the extent of implementation of the current status of small and medium-scale industries in Ghana compare with the Philippines. Identify the problems and challenges encountered by the small and medium-scale in Ghana compared with the Philippines. Identify the SWOT Analysis of SMEs in Ghana compared with the Philippines. Make recommendations by which to improve the identified challenges on SMEs. The study focused on the records keeping of small and medium –scale enterprises in Ghana, Africa and the Philippines as basis to enhance tax reform system and the issues and concerns encountered in the SMEs industry. The study utilized the descriptive method of research. The qualitative research was based on the research philosophy of naturalist-constructionist and the research tools and design, the standards, and criteria were according to these assumptions. Majority of the Ghana's respondents are between 36- 40 years old, male, have finished their high school and rendered service from 5 – 10years, while Philippines respondents have 41- 45 years old, female, have finished their post graduate and rendered services from 11 – 15 years. It was revealed effectiveness under Ghana was less moderately implemented which is an indication that effectiveness is not implemented, meanwhile effectiveness under Philippines was moderately implemented which means it is fairly implemented. Also, efficiency under Ghana was less moderately implemented which implies that efficiency is low implemented while under the Philippines efficiency was fully implemented indicated that efficiency is good implemented.

**Key Words:** records keeping, small and medium – scale enterprises, tax reform system, Ghana and Philippines.

## Introduction

Small and Medium Enterprises (SMEs) play a pivotal role in contributing to economic growth in Ghana the economy is made up of very small individual businesses, small and medium scale enterprises (SMEs), corporate bodies and multinational companies. They together form the medium through which the economy transacts business activity and grows. The government agenda to make the private sector the engine of growth is mainly driven by the SME sector. The SME sector contributes over 70% of the country's GDP according to Villars (2004). SMEs have over the years been very significant to the economic development of most developing countries, especially Ghana. It is a major form of business and a major employer making strong positive impact on the economic growth and GDP in Ghana World Bank (2012), estimates that, there are approximately 2.7 million enterprises in the country. A large

According to Yoshino and Taghizadeh-Hesary (2016) Asia has been continuously growing during the recent decades, and this growth has alleviated poverty and increased the number of middle-income countries in the region. However, the recent regional and global economic slowdown requires a new growth model for Asia, with strengthened dynamics for small and medium-sized enterprises (SMEs) to boost national productivity. SMEs are the backbone of the economies of Asia, accounting for 98% of all enterprises and 66% of the national labor force on average during 2007–2012. SMEs contributed 38% of the gross domestic product or manufacturing value-added in Asia on average in 2007–2012, suggesting their contribution to the region's economies can be expanded further.

Moreover, a discussion paper by Aldaba (2014) revealed that, the Office of the Treasurer of each city or municipality shall register the BMBEs and issue a Certificate of Authority to enable the BMBE to avail of the benefits under

the Act. Any such application shall be processed within fifteen (15) working days upon submission of complete documents. Otherwise, the BMBEs shall be deemed registered. The Municipal or City Mayor may appoint a BMBE Registration Officer who shall be under the Office of the Treasurer. Local government units (LGUs) are encouraged to establish a One-Stop-Business Registration Center to handle the efficient registration and processing of permits/licenses of BMBEs. Likewise, LGUs shall make a periodic evaluation of the BMBEs' financial status for monitoring and reporting purposes.

SMEs influence trade. SMEs brought about 30% of the total export value in Asia on average in 2007–2012. In the People's Republic of China (PRC), SMEs accounted for 41.5% of total export value in 2012, up 6.8% year-on-year, while in Thailand they made up 28.8% of total export value with 3.7% year-on-year growth. SMEs that are part of the global supply chain have the potential to promote international trade and mobilize domestic demand (ADB 2014).

While recognizing the potential roles of SMEs, the ability of SMEs in playing these key roles depends largely on how they perform in the business (Musah & Muazu, 2014). There are number of factors influencing the performances of SMEs including legal and regulatory framework, infrastructure, business development services, limited access of SMEs to finance, effective and poorly coordinated institutional support framework, record keeping etc. (URT,2003). However, the focal point of this research would be concerned with SMEs' deficiencies in record keeping in relation to modern taxation.

It is importance therefore to recognize the strong influence of business record keeping attached to SMEs' performances and development, the importance of record keeping cannot be undermined in any means. Record keeping involves the capturing, maintaining and provision of authentic and ready-available

records of business activities. There are different reasons for maintaining records and these vary from business to business. As ASA and RIM (2011) argued that the primary motive for keeping records is at least to provide ample evidence of and information about business activities. Thus the existence of records underpins all decisions and actions of business and social accountability as well as providing a back-up. In line with this, Obura (2012) noted that, the realization of the significant roles played by small and medium enterprises (SMEs) in economic development and the crucial values attached to efficient and effective records and information management in decision making. In the same mind, Hughes (2003) asserted that, keeping business records is an important driver for the success of a business and argues that a comprehensive record or book keeping system enables business owners to develop accurate and timely financial reports that detail the progress and prospects of the business.

Mover over another study in Tanzania revealed 68% respondent agreed that records keeping could help to minimize tax burden, 32% of respondent had opposite opinion. The study through interview revealed confirms also that some of SMEs owner they are disinterested on keeping proper record because of fear towards tax assessment one of respondent claimed "Keeping business record reveal all truth about the revenues hence tax burden can be imposed to you than some who does not keep record". This finding suggest that SMEs owners avoid keeping record as strategy of hedging tax burden, many fears that if the follow proper standard of record keeping there likely to be categorized as like larger business hence pay more tax ( Danford, John, & Lazaro, 2014).

Accounting for income and expenditure is the first essential step of accounting which is a system to provide a source of information to owners and all other interested parties. The importance of financial performance measurement to any business entity cannot be over-emphasized. In this sense, the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its

measurement. Cooley (1983) emphasized that reported profits reflect changes in wealth of business owners.

Maseko (2011), stipulate that Micro and Small business recordkeeping is the backbone of one's business. Keeping accurate accounting records is actually creates a profitable business. Germain (2010) finds that most business operators especially those in SME's perceive record keeping as a method of recovering initial investment in the form of cash at the end of the accounting period. If SMEs are not maintained proper accounting records long term sustainability of the business is under question.

Furthermore Howard (2009) emphasized that many small businesses failed to keep adequate records. This leads to major problems and quite possibly the closing of the business. Evidence shows that keeping good records helps to increase the chances of business survival. In essence, the ME's owners or manager should be personally involved in record keeping (Sian, 2006). Proper record keeping ensures long term sustainability of the business and anticipates long term prospects. (Ismail, 2005) concluded that the development of a sound accounting information in SME's depends on the owners' level of accounting knowledge. Research has shown that majority of the SME's owners do not have the adequate accounting knowledge and therefore a few capable owners use professional firms to account for their business (Keasy, 1990).

In any democratic society taxpayers citizens will have a number of basic rights as well as obligations in relation to their Government and its agencies. Revenue authorities are no exception and most countries have legislation governing taxpayer's rights and obligations in relation to taxation (OECD, 2003).

According to Onaolapo (2014) accounting records provide a basis for complete and accurate income tax computation, a basis for sound planning for the future and basis for discussion with partners, potential investors, and lenders all these are important aspects which enhance performance of the business. Business also depends on correct accounting records to

make good decisions about the firm. Decision such as expansion, drop or maintain decisions of product lines make or buy decisions, about size of debtors. Therefore if proper records are kept they will facilitate efficient, proper timely decision making and enhance performance in small scale industry. A well maintained record keeping system ensures that you are able to keep up with tax reporting requirements. For example, if you are an individual small business owner or contractor, then you are generally considered self-employed. Self-employed owners file a personal income tax return annually and pay estimated tax quarterly, (FDIE 2016). However taxpayer also have some rights and this includes imply basic obligations. There is a set of behavioral norms expected of taxpayers by Governments. These expected behaviors are so fundamental to the successful operation of taxation systems that they are legal requirements in many, if not most, countries. Without this balance of taxpayers' rights and obligations taxation systems could not function effectively and efficiently. These taxpayer obligations are the obligation to be honest, the obligation to be co-operative, and the obligation to provide accurate information and documents on time, the obligation to keep records the obligation to pay taxes on time (OECD, 2003).

In Ghana a study done by Amoako, Emmanuel, Marfo, Gyabaah & Gyamfi (2014) on SMEs revealed that a lot of importance is attached to proper accounting records keeping. In consistent with previous findings, the research showed that in spite of the numerous benefits that can be derived from formal accounting practices, most SMEs do not keep proper accounting records hence the need for owners/managers to keep proper set of accounts.

## **Method**

### **Research Design**

The study focused on the records keeping of small and medium –scale enterprises in Ghana, Africa and the Philippines as basis to enhance tax reform system and the issues and concerns encountered in the SMEs industry. The study utilized the descriptive method of research; the descriptive or transcendental

phenomenology was developed by Edmund Husserl and preceded Martin Heidegger's interpretive or hermeneutic phenomenology historically. Hermeneutic phenomenology interprets text or language by a researcher and is used as methodology or enhancement of phenomenology (Sloan & Bowe, 2014). This study used transcendental phenomenology as the research methodology.

The qualitative research was based on the research philosophy of naturalist-constructionist and the research tools and design, the standards, and criteria were according to these assumptions.

### **Population and Sampling Technique**

The participants study comprised of management and employees of selected business in Ghana and the Philippines.

The studies focused on the records keeping of small and medium - scale enterprises practices in Ghana and Philippines and the problems encountered in the SMEs industry. The study utilized the descriptive method of research.

For the purpose of gathering data, the researcher used the questionnaire as the main instrument. The questions were aligned to the problems and objectives as presented in Chapter which focus on the current status and issues and challenges encountered in the industry in Ghana and the Philippines.

### **Data Gathering Techniques and Procedures**

The study was conducted through focus group discussion, interview, and documents analysis in order to ascertain the current status of the industry. The researcher conducted survey and interview to ascertain its development and the issues and concerns encountered particularly on the government and in the community. The researcher analyzed the documents gathered that are pertinent to the study, particularly on business focus and tax system.

Data gathered from the survey and the questionnaire were directly extracted and

encoded. Appropriate statistical tool were applied for the document gathered. Transcriptions from the focus group discussion or interview with the key informants were summarized. Tables were presented pertaining to the data on the small and medium –scale enterprises industry practices in Ghana and Philippine. The data gathered were recorded, tabulated, and analyzed by means of the following statistical measures:

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### Pilot Testing

**Percentage.** This was used to determine the proportion of the supervisor- respondents in terms of age, gender, civil status, highest educational attainment, and number of years in the service as supervisor.

#### Formula:

$$(P)\% = f/n \times 100$$

#### Where:

(P)%	=	Percentage
f	=	Frequency
n	=	Total number of cases
100	=	Constant value

**Mean.** This was used to determine the mean age, gender, number of years of the service as supervisor and the final weight of each item in the assessment of the leadership on business practices (Bueno, Matriano – 2016).

### Improper Record keeping in Small Scale and Medium Enterprises

Many new business owners are daunted by the mere idea of bookkeeping and accounting. But in reality, both are pretty simple. Keep in mind those bookkeeping and accounting share two basic goals: to keep track of income and expenses, which improves chances of making a profit, and to collect the financial information necessary for filing various tax returns. There is no requirement that records be kept in any particular way. As long as records accurately reflect the business's income and expenses, there is a requirement, however, that some businesses use a certain method of crediting their accounts: the cash method or accrual method. Depending on the size of the business and amount of sales, one can create own ledgers and reports, or rely on accounting software (Fishman, 2013).

However, poor records keeping or non-availability of financial records will lead to resources mismanagement and poor cash management and this can cause the business to fail. Poor records keeping makes it difficult to differentiate between business transactions and personal transactions. It is the responsibility of business owners and managers to avoid using assets of the business for personal use at the expense of the business. Qualified Accountants play major roles in decision making process of a business. Accountants with higher skills and experience have greater influence on the decision making process of a business Tout, Ghazzawi, El Nemar, & Choughari, (2014). With their skills and experiences, they are in a good position to measure the financial performance and position of a business. This allows users especially management to plan and make economic decisions.

### Significance of the Study

The findings will benefit small business owners under study to appreciate the need of good records keeping to reduce the burden of tax on them:

The findings will assist the Ministry of Finance and Economic Planning to lobby with government to amend the income tax law so as



to make it friendly for small business enterprises;

To the tax authority the research will guide them in adjusting tax policies so that they suit requirements of small businesses.

The findings will be used by other researchers who might come across the study.

### **Scope and Limitations**

The main focus of this study was to determine improper records keeping and tax reform in small and medium – scale enterprises. The study would be limited to selected small and medium-scale enterprises in Ghana and in the Philippines. Also, not all variables that may influence records keeping and tax reform that is included in the study due to the researcher's intention to narrow the research. The research is based on previous year's records from 2013 to 2018 assessment year in the selected offices of Ghana and the Philippines.

The target population of the study would comprise of employees of selected small and medium – scale enterprises in northern region of Ghana- Tamale and National Capital Region in the Philippines. Small and medium-scale enterprises were chosen based on the access to information on the part of the researcher. The convenience sampling technique was used to obtain the small and the medium-scale enterprises for the study and the researcher dealt with employees who were available and willing to participate.

### **Results and Discussion**

This study used weighted mean to determine the level of records keeping on small and medium-scale enterprises and tax reform practices in the respondents' businesses. The profile of respondents in terms of:

#### **Age**

It can be seen from the result of table 5 that the age brackets with its corresponding distribution of the 50 respondents from Ghana are the following: Below 30 years old ( $f = 5$ ;  $\% = 10$ ); 30 – 35 years old ( $f = 10$ ;  $\% = 20$ ); 36 – 40 years old ( $f = 17$ ;  $\% = 34$ ); 41 – 45 years old

( $f = 8$ ;  $\% = 16$ ); 46 – 50 years old ( $f = 5$ ;  $\% = 10$ ); and Over 50 years old ( $f = 5$ ;  $\% = 10$ ).

It can be deduced from the result that 36 to 40 years old (17 or 34%) are the majority who are into SMEs business in Ghana. The different ways in which our culture views men and women in the workplace is complicated. In a recent researches examined Americans' view on gender differences, looking at everything from how men and women are perceived to be different in the society and, perhaps more importantly, why. While women are more likely to credit gender differences to societal expectations, men are more likely to say biological differences are to blame. Some studies also found out that women are given less credit in the workplace even when expressing similar ideas or speaking out as much as men while men and women act the same at work, they are treated differently (Mercado, 2018).

Also, the majority of the respondents in the Philippines were married with 27 or 54%. There are many perceptions that married men are more motivated and more dedicated to work, whereas married women are more motivated and more dedicated to their families. Joel & Katie (2014), suggested that marital status is sometimes used as an indicator to determine how likely it is an employee will remain in the same geographical location, his or her willingness to travel, his or her health benefits, his or her level of commitment, and his or her fit within the organization (e.g., the relationship the employee will have with other employees). Also, when a man is married, he is considered to be socially supported and is seen as having less family or role conflict with work roles, whereas when a woman is married, she is considered to have more social responsibilities, contributing to greater work or family role conflict.

#### **Effectiveness**

The respondents' view on the level of effectiveness from the businesses under study which were ranked from highest to lowest. All of the items were rated with different mean scores in the following order: item one (1)

“There is effective government communication to enhance new programs” ( $Mean = 3.38, SD = 1.14$ ); “There is sufficient fund to conduct my business” ( $Mean = 3.38, SD = 0.93$ ); “There is effective government administration to enhance new programs” ( $Mean = 3.09, SD = 0.92$ ); “There is effective government assistance programs” ( $Mean = 3.06, SD = 1.32$ ); “Do you participate in any government support programs” ( $Mean = 3.02, SD = 1.04$ ); while question six had the lowest mean score “I utilize new enhance government programs” with the ( $Mean = 2.69, SD = 1.29$ ). The overall perception on effectiveness is illustrated on the table 5. Based on the grand mean of 3.10 ( $SD = 1.21$ ), summary results indicate that the grand scale response is moderately agree which is interpreted as “somewhat effective”. This means that the overall current status on the respondents is somewhat effective.

### **Economy**

The participants mean scores on the small and medium-scale enterprises in Ghana on

Economy.

Respondents view on economy of Ghana three items were assessed as fully implemented by the respondents as follows: Generate production ( $WM = 4.00$ ) Create innovation ( $WM = 3.62$ ) Increase export ( $WM = 3.60$ ) while other three items were assessed as moderately implemented by the respondents in the following order: Create job opportunities to the citizens ( $WM = 3.50$ ) Pay tax the government ( $WM = 3.22$ ). Economy obtain overall mean of 3.61 which is interpreted as Fully implemented. According to Gariba (2015), SMEs contribute about 85% of manufacturing employment and 70% of GDP in Ghana. In addition, SMEs are also believed to make up about 92% of businesses in Ghana. Moreover, SMEs also provide potential market for industrial and consumer goods manufacture by other large enterprises through their demand for these goods and services.

### **Social Equity**

The participants mean scores on the small and medium-scale enterprises in Ghana on Social equity. The overall mean score resulted to fully implemented (MI) for both management and employees, or 3.75 and 3.70 respectively.

Illustrates social equity of selected small and medium – scale enterprises practices in Ghana. Five of the items were assessed to be fully implemented by the respondents as follows: Support charities ( $WM = 3.71$ ); Sponsor events within the operating community ( $WM = 3.37$ ); Involve in social activities as part of the marketing agenda ( $WM = 3.57$ ); Honest business dealing that follow social norms ( $WM = 3.94$ ) and Place customer needs at the forefront of all services ( $WM = 3.76$ ). In contrast one of the items was assessed as moderately implemented by the same respondents. Generally social equity recorded an overall mean of 3.70 which is interpreted as fully implemented. This is in line with studies by (Kissy, Togobo, Sam, & Darko, 2016) that 98 social enterprises have created a total of 958 jobs (based on staff numbers in 2015), have impacted the lives of 103,148 beneficiaries and have generated a combined turnover of £1.4 million (almost 8 million cedis) in the last year. An initial estimate that there could be around 26,000 social enterprises is currently operating in Ghana.

### **Compliance of records keeping of books of accounts.**

The participants mean score on the compliance of records keeping of the books of accounts, such as: the books of original entry, ledger and other subsidiary books in Ghana compared with the Philippines. It was noted that in Ghana, the perception of the participants were less moderately implemented (LMI), compared with the Philippines with the Philippines which resulted to moderately implemented and fully implemented.

### **Do you face difficulties when registering your business?**

Based on the interview from the participants of the SMEs owners it was revealed that there is a high start-up cost involved in properly registering a business in Ghana, meaning that few SMEs move from being 'unorganized' to 'organized'. According to the interviews, majority expressed the difficulties in paperwork processing and documentation of the SMEs. For instance respondent 1 clearly highlighted the complexity in the business registration to an extent of pointing out the issue of the corruption syndrome among the government officials. Respondent 2 expressed the difficulty in acquiring the business registration form, wherein they SMEs based in the rural areas finds it hard to have access to the required application forms due to the distance from rural to urban where the regional offices are located. According to respondent 3, there is no any stipulated business registration timeframe due to the complexity in the process, whereby majority are discouraged to register their businesses due to the prolonged waiting time, without a clear duration.

The World Bank Doing Business Report (2016) indicates it takes 14 days to register a business, with a total of 8 processes that must be completed. Majority of the small business claimed that, Land acquisition is very vital to the success of any business as it's a factor of production. Unfortunately, in Ghana the land tenure systems are very problematic. Difficulty in acquiring land as well as leasing land, most leases are often paid as much as 3 years in advance and do not provide flexibility.

However the Philippines, is not exceptional. Business Environment range from the high cost of doing business to the lack of information services. Several SMEs also highlighted the difficulties in registering their businesses, obtaining licenses, and the absence of convergence of support from the government. This poses a challenge to young entrepreneurs in the industry. According to respondent 1, they have limited information pertaining the business registration he went further to say it is difficult for them to know where to access the forms and

the location of the registrations offices, whereby they are based in urban centers.

According to respondent 2, there is a challenge of bureaucracy system in the registration of the SME's, whereby they need to start it up from the local authorities that includes Barangay business permit that includes some hidden costs and time consuming altogether. According to respondent 3, lack of a stipulated timeframe is a dilemma in the business registration, whereby there is no any recommended time through which the process can be completed, something that hinders and discourages them from registering their respective SMEs businesses.

### **Summary**

The salient findings of the study are as follows:

In terms of age 34% of Ghana's respondents are between 36 – 40 year old and 26% of Philippines respondents are between 41 – 45 years old ; in terms of gender 80% of Ghana respondents are male, while 70% of the respondents of the Philippines are female; in terms of civil status 74% of Ghana are married similarly 54% of the Philippines respondents are also married; in terms of educational attainment 60% of the Ghanaian have at least finish their high schools, while 24% of the Philippines respondent at least also finish high school; in terms of length of service; in terms of length of service 32% of Ghana respondents were between 5 to 10 years of business experience, while 20% of the Philippines respondents have between 5 to 10 years of business experience.

The present status of effectiveness under Ghana an overall mean value of 2.45, which can be interpreted as less moderately implemented. However effectiveness under Philippines had an overall mean of 3.23, which is interpreted as moderately implemented by the respondents.

The respondents' judgment on efficiency under Ghana also had the overall mean score of 2.41, which is interpreted as less moderately implemented by the respondents. Meanwhile efficiency under Philippines recorded an overall



mean value of 3.63, which is equally interpreted as fully implemented.

The present status of records keeping under Ghana as perceived by respondents recorded overall mean of 2.27, which is interpreted as Less Moderately implemented. However records keeping under Philippines had an overall mean value of 3.67 which is interpreted as fully implemented by the respondents

The respondents' assessment on government policy under Ghana obtained overall mean of 2.34, which is interpreted as less moderately implemented. Meanwhile government policy under Philippines obtained an overall mean of 3.22, which is interpreted as moderately implemented.

The respondents' assessment on tax reform under Ghana recorded overall mean of 2.56, which is interpreted as moderately implemented. Equally tax reform under Philippines obtained an overall mean value of 3.25, which is also interpreted as moderately implemented.

Questions were also asked to determine the frequency and the percentage of the respondent in Ghana under book keeping, both management and employees answered No, with 33 employees representing 73% respectively. However both management and employees of the Philippines respondents answered Yes with 31 employees representing 77.5% in that order, under same book keeping.

Equally when respondents assessed quick books under Ghana both management and employees answered No with 32 employees representing 71.1%. While quick books under the Philippine the respondents made up of management and employees answered Yes with 18 employees representing 45% accordingly.

The present status of account receivable of selected business in Ghana revealed that 4 management representing 80% of the respondent answered No. While in the Philippines 7 management representing 70% answered Yes under account receivable.

The respondents' assessment on account payable under Ghana for both management and employees had 3 management answered No representing 60%, cash payment 4 answered no also representing 80%, however inventory 4 answered Yes representing 80% and cash flow report 4 representing 80% answered No respectively.

In terms of business registration base on the interview granted to individual respondent for both Ghana and the Philippines the selected businesses under review admitted to face some difficulties when registering their business.

In terms of access to market. Do have access to market for goods and services, for both countries the interviewees raised the same concern when it comes to access market lack of product standardization, as well as an overall lack of knowledge of international markets were some of the gridlocks. Do have access to productivity enhancement, respondents from both countries revealed that technology was big problem for them to enhance their productivity.

In terms of tax policy the issue of concern for both countries under tax policy was lack of tax education.

## Conclusions

Majority of the Ghana's respondents are between 36- 40 years old, male, have finished their high school and rendered service from 5 – 10years, while Philippines respondents have 41- 45 years old, female, have finished their post graduate and rendered services from 11 – 15 years.

It was revealed effectiveness under Ghana was less moderately implemented which is an indication that effectiveness is not implemented, meanwhile effectiveness under Philippines was moderately implemented which means it is fairly implemented. Also, efficiency under Ghana was less moderately implemented which implies that efficiency is low implemented while under the Philippines efficiency was fully implemented indicated that efficiency is good

implemented. However, economy under Ghana was fully implemented and Philippine's economy was fully implemented this indicates that economy is in good standing with both country. Moreover, in Ghana social equity was fully implemented which implies that the implementation was good while Philippine's social equity was moderately implemented this means that social equity in the Philippines is average implemented.

Based on the perception of the respondents it was revealed that, compliance of records keeping was less moderately implemented in Ghana while Philippine's compliance of records keeping was fully implemented this implies that Philippines have good records keeping policy. However, government policy under Ghana was less moderately implemented this indicates that there is poor policy by government in Ghana meanwhile in the Philippines government policy was moderately implemented indicates that policies is fairly implemented. Also, tax reform under Ghana was moderately implemented and Philippines tax reform was also moderately implemented this implies that tax reform is fairly implemented in both country.

The respondents' perception on set up bookkeeping system in Ghana revealed that, both management and employees of SMEs responded negatively while respondents from Philippines counterpart responded positively, similarly to setting up QuickBooks also experienced the same, majority of the respondents in Ghana responded No and respondents from the Philippines responded Yes.

Base on the interview granted to individual respondent for both Ghana and the Philippines the collective issues and problems of SMEs are: Difficulty in registration of business, Lack of access to finance, difficulty in access of market and product standardization, access to technology and product enhancement and improper tax education or government policies by the authority.

## Recommendations

The respondents from Ghana were majorly at high school level wherein they must consider acquiring further studies so that they can easily interpret and understand the government tax policies. Majority of Philippines respondents were at the level post graduate attainment which generally acceptable for one to understand and comply on the tax policies.

The Ghanaian government should institute a regulatory body to ensure SMEs keep proper accounting books since the accounting records in SMEs are mandatory. The Philippines government should improve on the PFRS for the simplification of records keeping for SME's.

Tax administrators should have a special taxes preferences and incentives to startups and growth of SME's. This includes lower tax income rate, special tax exemptions and relieves for small businesses.

The Ghanaian government should come out with policies that can support SME's in terms of financial support, technology advancements and market accessibility. The Philippines government should amend on the existing technology, financial support program and market accessibility.

The governments of Ghana and Philippines should implements policies that address the issues and concerns of SMEs that would improve the bureaucratic system during the registrations of the SMEs.

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