

Chapter 3

ASSESSMENT OF ACCOUNTING RECORDKEEPING PRACTICES IN SMALL AND MEDIUM-SIZED ENTERPRISES IN SOMALIA*

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INTRODUCTION

Small and Medium-sized Enterprises (SMEs) assume a significant job in economic improvement through job creation and revenue-raising. SMEs represent Small and Medium-sized Enterprises (SMEs). They cover essentially all types of business, for example, fabricating, mining, however, what precisely an SME or small to medium enterprise relies upon who is doing the describing. Contingent upon the nation, the span of the endeavor can be sorted dependent on the number of workers, yearly sales, resources, or any mix of these. It might likewise shift from industry to industry (Award, 2018).

In Somalia, SMEs are those businesses that employ up to 99 people. Most SMEs fall within the private sector. SMEs are properly defined ventures with 5 to 19 employees are considered small, between 20 and 99 are considered medium-sized. (Survey, 2013).

In spite of the fact that there is no solid proof, some number SMEs owners told that Somalia is characterized by low capital formation, small and medium-sized enterprises are the finest choice to tackle this problem. SMEs are more efficient in the exploitation of local resources using inexpensive technology. SMEs play a significant role in using local resources and adding value to them. Moreover, SME' s development facilitates the allocation of economic activity within the financial system and fosters a fair distribution of income. Another importance of small and medium scale businesses to the financial improvement of Somalia incorporates advancement, commitment to the development of GDP, increased employment and numerous others. Accounting recordkeeping is thus a crucial factor for Somalia's SMEs success.

* This paper was produced from Ahmed MohamouhAli's MasterThesis

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On the other hand; Owners and managers of small and medium-sized enterprises should hire accounting graduates in order to help them maintain an effective record-keeping system. This would allow them to obtain loans from banks, government institutions or other financial institutions.

Accountants and managers were recommended to use computerized accounting instead of using manual accounting due to its accuracy, convenience, and speed.

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