

**COMPUTERIZED ACCOUNTING SYSTEMS AND OPERATIONAL
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN
KAWEMPE DIVISION**

ROSE MARY NAGGITTA

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
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DECLARATION

DECLARATION

I, Naggitta Rose Mary, hereby declare that this research dissertation titled "Computerized Accounting Systems and Operational Performance of Small and Medium Enterprises in Kawempe Division" is my work and has not been submitted to any institution of higher learning for any academic award.

Signature.......... Date...19th SEPTEMBER 2023

NAGGITTA ROSE MARY

S20B33/237

APPROVAL

This work has been under my supervision and has met the research dissertation requirements of Uganda Christian University and is now ready for submission.

Dr. Henry Mugisha

Signature



Date: 20/09/2023

DEDICATION

I dedicate this work to God the Almighty, my mother Mrs. Ssekagya Specioza Peace and my siblings Nalunga Agnes and Bugembe Joseph.

ACKNOWLEDGEMENT

Firstly, I would like to thank God for the strength and energy through this whole course for His mercy and endless blessings know no boundaries and I give glory on His name. Secondly, my heartfelt gratitude goes to my supervisors; Dr. Henry Mugisha for his professional guidance which helped me successfully complete this research report. May God grant him his heart desires throughout the journeys of their lives. I also acknowledge all the SME accountants and owners in Kawempe division who accepted to be part of the study and provided the data which simplified and provided the necessary information concerning the research study. Lastly, great thanks go to my family especially to my mother Mrs. Ssekagya Specioza Peace for the constant financial support throughout this research.

ABSTRACT

The primary focus of the study was to investigate the impact of computerized accounting systems on the operational performance of small and medium-sized enterprises (SMEs) in Kawempe Division, Uganda. A survey was conducted on 144 SMEs, out of the 240 SMEs established within the study area. The research used correlation analysis to examine the relationship between the different variables. There was a statistically significant relationship between use of accounting systems and the operational performance. This implies that SMEs that employed computerized accounting systems tended to perform better in their operations. System quality too, was found to have a statistically positive effect on operational performance. This indicates that having a well-designed and functioning accounting system can enhance the overall performance of SMEs. Furthermore, information quality also had a statistically significant effect on operational performance. This implies that the accuracy, relevance, and timeliness of accounting information are crucial for SMEs in achieving better operation performance. Network risks were however, found to have a statistically negative effect on the operational performance. This suggests that issues related to network security and reliability can hinder SMEs' operational performance. It can be concluded that accounting systems play a crucial role in providing quality information in a timely manner. This, in turn, helps all levels of management make informed decisions, plan effectively, and enhance control, ultimately improving the performance of an enterprise. It is recommended that SMEs invest in well designed and functional accounting systems to manage their information effectively. Future research should consider introduction of moderate variables for better understanding of the effects of various factors on the relationship between accounting systems and operational performance. Lastly, longitudinal studies, conducted over an extended period of time could provide deeper insights into the relationship between accounting systems and SME performance, allowing for analysis of trends and changes.

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LIST OF ACRONYMS

AIS	Accounting Information System
MIS	Management Information System
SMEs	Small and Medium Enterprises

CHAPTER ONE

1.1 Introduction

Many nations in Sub-Saharan Africa, including Uganda, grapple with challenges like elevated unemployment rates, widespread poverty, and income disparities. Small and medium-sized enterprises (SMEs) play a pivotal role in mitigating these issues by not only creating employment opportunities but also generating income for individuals and households, thus contributing to reducing economic inequalities (Sebikari, 2019). According to UBOS (2019), approximately 45% of Uganda's populace finds employment within SMEs, operating in both formal and informal sectors, making them indispensable in addressing various socio-economic concerns in the region (Achieng & Malatji, 2022). In Uganda specifically, SMEs hold a critical position in the production of essential goods and services (Ssewagudde, 2018). Their impact on Uganda's economic growth and development hinges on the level of success they attain in their operations (Ojiambo, 2016). Regrettably, a significant proportion of SMEs in Uganda encounter challenges and fail to endure beyond the initial two years of establishment. Achieng and Malatji (2022) highlight that between 70-80% of SME start-ups across Sub-Saharan Africa collapse or remain stagnant within this brief period of operation. The advancement and prosperity of SMEs are greatly influenced by a range of internal and external factors. These encompass access to financial resources, adequate infrastructure, technological advancements, market demand, government policies, and the availability of skilled personnel for investors. These factors can fluctuate based on the specific industry, location, and unique circumstances of each SME.

Notably, the primary factors impacting the triumph of a business venture encompass the establishment and rigorous enforcement of controls by proprietors and management, along with the meticulous maintenance of well-organized transaction records (Mbroh, 2011). SMEs must evaluate these factors and formulate strategies to minimize risks and capitalize on opportunities for sustainable growth. The implementation of computerized systems is one effective method through which business owners can positively impact SME performance. Computerized accounting and financial systems streamline the process of maintaining financial records, simplifying the tracking of expenses, revenue, and profitability for SMEs. Additionally, they facilitate easier compliance with tax regulations. Moreover, these systems enable SMEs to enhance data management, reduce errors stemming from human involvement, save time, increase scalability, and provide real-time information (Muhindo et al., 2014). For an organization to

efficiently manage its resources, it necessitates the implementation and operation of designed accounting systems. This chapter outlines the background, problem statement, purpose of the study, objectives, research questions, scope, and significance of the study.

1.2 Background of the study

1.2.1 Historical Perspective

In the past, small businesses relied on traditional paper-based recordkeeping procedures. This involved maintaining physical records and documents to track their financial transactions (Hall, 2008). This process involved manual data entry and calculations. In the 1970s, accounting information systems started to emerge. These accounting information systems primarily focused on payroll and employee-related issues. During this period, there were no readily available, off-the-shelf software solutions for accounting needs. This absence of pre-made solutions led organizations to develop their accounting information systems in-house (Hurt, 2015). Creating and maintaining these in-house accounting information systems was a costly endeavor that required significant resources in terms of time, money, and expertise. Issues of perceived complexities, costs, or unfamiliarity with the new computer-based systems, some accounting professionals preferred sticking with manual methods of data keeping and accounting (Fontinelle, 2019).

It's worth noting that over the decades, accounting information systems have evolved significantly into an essential component of business operations due to advances in technology (Trabulsi, 2018). According to Porter and Miller (1985), information technology has played a significant role in changing the nature of business operations over time. This includes how businesses handle recordkeeping. The introduction of novel innovations like computerized accounting systems (CAS) has revolutionized recordkeeping practices. These systems are described as more intuitive and efficient compared to traditional manual methods. The data technology (IT) revolution too has had a profound effect on accounting. Modern accounting applications have played a significant role in enhancing financial performance within companies. They have become increasingly common tools for businesses, suggesting their effectiveness in improving financial management. Today, there are a wide variety of commercial accounting software solutions available that cater to various business needs, and they are widely adopted by

organizations of all sizes for managing their financial and accounting processes. Larger businesses employ prebuilt software programs like those from Microsoft, Sage Group, SAP AG, and Oracle, among others. Low-cost accounting software programs like Tally, MYOB, and Quick books are frequently utilized by small businesses.

1.2.2 Theoretical Perspective

The study will be anchored on the Gordon and Miller's (1970) Contingency Theory, also known as the Contingency Theory of Accounting. The theory is based on the idea that there is no universal or one-size-fits-all approach to accounting and financial management. Instead, the theory posits that the effectiveness of accounting systems and practices is contingent upon various factors, and accounting should be tailored to fit the specific circumstances and needs of an organization. The key principles of the contingency theory in accounting include;

- a) Accounting systems should be designed to be flexible and adaptable. This means that organizations should be able to modify their accounting practices as circumstances change, whether due to shifts in the market, changes in regulations, or advancements in technology.
- b) Accounting practices should align with the organizational structure, culture, and objectives. For example, a decentralized organization might need different accounting practices compared to a highly centralized one.
- c) External factors, such as changes in the economic environment or industry-specific factors, should be taken into account when designing accounting systems. The accounting approach should be able to respond to these external contingencies.
- d) The theory emphasizes that accounting should provide the information needed by management for decision-making. The type and format of financial reports and data should be designed to meet the specific information needs of the organization.
- e) Contingency Theory in accounting also considers the cost-effectiveness of different accounting practices. Organizations should weigh the costs of implementing and maintaining a particular accounting system against the benefits it provides.
- f) Management plays a crucial role in determining the appropriate accounting practices for an organization. They must assess the contingencies the organization faces and make decisions accordingly.

g) Contingency Theory recognizes that the size of an organization can affect its accounting needs. Small businesses may have simpler accounting systems compared to large, multinational corporations.

1.2.2.1 Strength of the contingency theory.

The Contingency Theory of accounting offers a flexible, adaptable, and problem-solving approach to accounting practices within organizations. Its strengths lie in its ability to accommodate a wide range of organizational contexts and its emphasis on aligning accounting with organizational objectives and environmental conditions (Drury 2004). This makes it a valuable framework for designing accounting systems that contribute to improved decision-making and organizational performance.

One of the primary strengths of Contingency Theory is its recognition of the need for flexibility and adaptability in accounting practices. It acknowledges that there is no one-size-fits-all approach to accounting and that accounting systems should be designed to respond to changing circumstances and contingencies. This flexibility allows organizations to better navigate dynamic business environments. Contingency Theory encourages organizations to tailor their accounting systems to match their unique characteristics, including their size, structure, industry, and goals. This customization ensures that accounting practices are more relevant and effective in meeting the specific needs of the organization.

The Contingency Theory encourages organizations to conduct cost-benefit analyses when designing and implementing accounting systems. This means that accounting practices should be cost-effective, providing value that exceeds the associated costs. The theory acknowledges the influence of external factors, such as regulatory changes and market conditions, on accounting practices. By considering these environmental factors, organizations can make informed adjustments to their accounting systems as needed. Contingency Theory recognizes the central role of management in determining accounting practices. This involvement ensures that decision-makers have a say in shaping the accounting systems to meet the organization's specific needs. The theory is based on empirical research and observations, which enhances its practical applicability. It draws from real-world situations and organizational contexts, making it relevant to accounting practitioners and researchers.

The theory is dynamic and open to evolution. It can be adapted to incorporate new insights, changing business conditions, and advancements in accounting technology. This adaptability ensures its continued relevance. Contingency Theory draws from various disciplines, including management, accounting, and organizational behavior. This interdisciplinary perspective allows for a more comprehensive understanding of how accounting fits within the broader organizational context. The theory is problem-oriented, focusing on finding practical solutions to accounting challenges within organizations. It encourages organizations to critically evaluate their accounting practices and make improvements where necessary.

1.2.2.3 Weaknesses of the contingency theory.

Contingency Theory provides a framework for understanding how accounting practices should be adapted to fit specific contexts, but it does not offer clear, prescriptive guidance on how to make those adaptations (Chapman et al., 2007). This lack of specific recommendations can be challenging for practitioners seeking practical solutions. The theory's emphasis on tailoring accounting practices to contingencies can lead to complexity. Organizations may struggle to balance the need for customization with the desire for simplicity in their accounting systems. Implementing a Contingency Theory-based approach to accounting can be challenging. It requires a deep understanding of the organization's unique characteristics and contingencies, which may not always be readily apparent or easy to measure.

Developing and maintaining customized accounting systems can be resource-intensive, particularly for smaller organizations with limited budgets and expertise. This can lead to higher costs associated with accounting practices. The theory's reliance on judgment and interpretation can introduce subjectivity into accounting decisions. Different individuals or teams within an organization may have varying interpretations of what constitutes an appropriate response to contingencies. Organizations may over-adapt their accounting practices in response to contingencies, leading to excessive complexity or inefficiency. Striking the right balance between customization and standardization can be challenging. Contingency Theory is primarily descriptive and provides a framework for understanding the past and present. It may have limited predictive power in terms of forecasting future contingencies or accounting needs.

The theory's reliance on the concept of "contingency" can be inherently ambiguous. Determining which factors truly constitute contingencies and how they should be addressed can be subjective

and open to interpretation. Contingency Theory's focus on context-specific solutions means that it lacks universal principles that can be applied across diverse organizations. This makes it less suitable for standardization efforts or comparisons between organizations. In some cases, an excessive focus on contextual factors may lead organizations to neglect fundamental accounting principles and best practices, potentially compromising the accuracy and reliability of financial reporting.

1.2.3 Conceptual Perspective

Management and Information Systems (MIS) is a comprehensive system used by organizations to collect, process, store, and disseminate information to support decision-making and other managerial functions. It encompasses various subsystems, including the Accounting Information System (AIS). Accounting and Information Systems (AIS) is a critical component of MIS, playing a central role in managing financial data, supporting decision-making, and ensuring internal control within an organization (Fontanelle, 2019). Its integration with technology has become increasingly important in modern business environments, and the information it produces serves the needs of various internal and external stakeholders. Accounting information systems are not only about recording financial data but also about establishing internal control mechanisms. These controls help ensure the accuracy, reliability, and security of financial information.

The accounting database is responsible for transforming raw data into meaningful accounting information (Elvisa and Erkan, 2015). This transformation occurs at various stages, including data input (capturing financial transactions), processing (calculating balances and generating reports), and output (presenting information in a usable format). Accounting information generated by AIS serves a wide range of users, including both internal and external stakeholders. Internal Users; may include managers, executives, and employees who need financial information for decision-making, planning, and performance evaluation. External Users may include; parties outside the organization, such as investors, creditors, regulatory agencies, and tax authorities. External users rely on financial statements and reports prepared using data from AIS to assess the organization's financial health and compliance with regulations.

The concept of firm performance or efficiency is of paramount importance in both the leadership of private and public organizations and the realm of business research. As defined by Baum

(2002), firm performance encompasses the actual outcomes and results achieved by an organization when compared to its intended objectives and goals. It is a holistic concept that encapsulates the actions, contributions, and achievements of organizations in their interactions with various stakeholders. In line with the perspective of Arredondo et al., (2019), firm performance serves as a measure of how effectively and efficiently managers utilize resources to meet customer needs and accomplish organizational objectives. Notably, accounting information systems play a pivotal role in shaping a company's performance. Given that accounting information systems encompass dimensions such as system quality, information quality, and addressing system threats, they contribute to the generation of high-quality information. This, in turn, influences decision-making processes, enhances efficiency, facilitates cost control, and ultimately impacts the overall performance of the company.

In the context of this study, accounting information systems can be understood as systems designed to perform tasks related to collecting, processing, categorizing, and reporting financial events with the primary goal of providing pertinent information for purposes such as scorekeeping, guiding attention, and facilitating decision-making (Boocholdt, 1999). These systems serve as integral components in assessing and understanding how organizations operate and achieve their intended outcomes.

1.2.4 Contextual Background

SMEs continue to be a dominant force in Uganda's private sector, accounting for over 90% of production(Asiimwe, 2017). This reflects the importance of these smaller businesses in driving economic activity in the country. They make a substantial contribution of 49% to the service sector (UBOS, 2019). This includes a wide range of services, such as retail, hospitality, finance, and more. SMEs as well contribute significantly to trading and commerce, accounting for 33% of this sector(Turyahebwa et al., 2013). This involves businesses engaged in wholesale and retail trade, import and export activities, and other trade-related services. Although smaller in comparison, SMEs still make a notable contribution of 10% to the manufacturing sector (Lakuma et al., 2019). This involves the production of various goods and products within the country. SMEs also contribute 8% to other sectors (UBOS, 2017), which could encompass a variety of activities not specified in the breakdown.

While SMEs in Uganda play a crucial role in driving innovation, wealth creation, and job opportunities, many of them face sustainability challenges that limit their operational lifespan (Kyatusiimire, 2018). These challenges can include factors like limited access to financing, market competition, regulatory barriers, and managerial capacity. Even with AIS, SMEs are still struggling with managing and utilizing financial information effectively. Many SMEs may not have effective control mechanisms in place to ensure the proper functioning and security of their accounting information systems. Furthermore, decision-making processes within SMEs many still lack a structured or systematic approach, possibly relying on intuition or informal methods. To address the issue of short lifespans for SMEs, there is a need for targeted support and interventions. This may include access to financial resources, business development services, mentorship, and policy initiatives aimed at creating a more conducive business environment for SMEs. Financial accounting remains a central component of SMEs' information systems (Baum, 2002; Ojiambo, 2016; Adenike, 2017). It is the primary source of financial data and reports that managers use to monitor the financial health of their businesses.

1.3. Problem Statement

Uganda is recognized internationally for its entrepreneurial spirit and is ranked as one of the more entrepreneurial nations in Africa and the world (Kurose, 2017). This highlights the importance of SMEs in driving economic growth and creating employment opportunities in the country. Despite their crucial role, SMEs in Uganda face significant challenges, including a high rate of business failures of over 30% (Kyatusiimire,2018; Lutwama, 2015; Ojiambo, 2016). Many SMEs struggle to reach their full potential and sustain their operations beyond their 2 operational years (Afunadula, 2018). In a bid to reduce the high failure rate, the government, the Bank of Uganda (BOU), and other organizations have implemented various interventions and initiatives to support SMEs, such as the Youth Initiatives and support from the African Development Bank (Ssewagudde, 2018). However, the performance of SMEs has not met the anticipated national goals. Furthermore, there is a knowledge gap about how SMEs can improve their performance, particularly in adopting technology like AIS to produce better reports for decision-making (Caldeira and Ward, 2003; Adenike, 2017; Xu, 2003; Trabulsi, 2018).. Therefore, this study aims to address this gap in knowledge by empirically examining the relationship between AIS utilization and the operational performance of SMEs in Kawempe Division, Uganda. By conducting empirical research in Kawempe Division, the study will contribute valuable insights which can inform future strategies and interventions for SME development in Uganda.

1.4 Main Objective of the Study

The main objective of the study is to establish a link between accounting information systems (AIS) and the operational performance of Small and Medium-sized Enterprises (SMEs).

1.5 Specific Objectives

- i. To examine the effect of system quality on operational performance of SMEs in Kawempe Division.
- ii. To examine the effect of information quality on the operational performance of SMEs in Kawempe Division.
- iii. To assess the effect of network risk on the operational performance of SMEs in Kawempe Division.

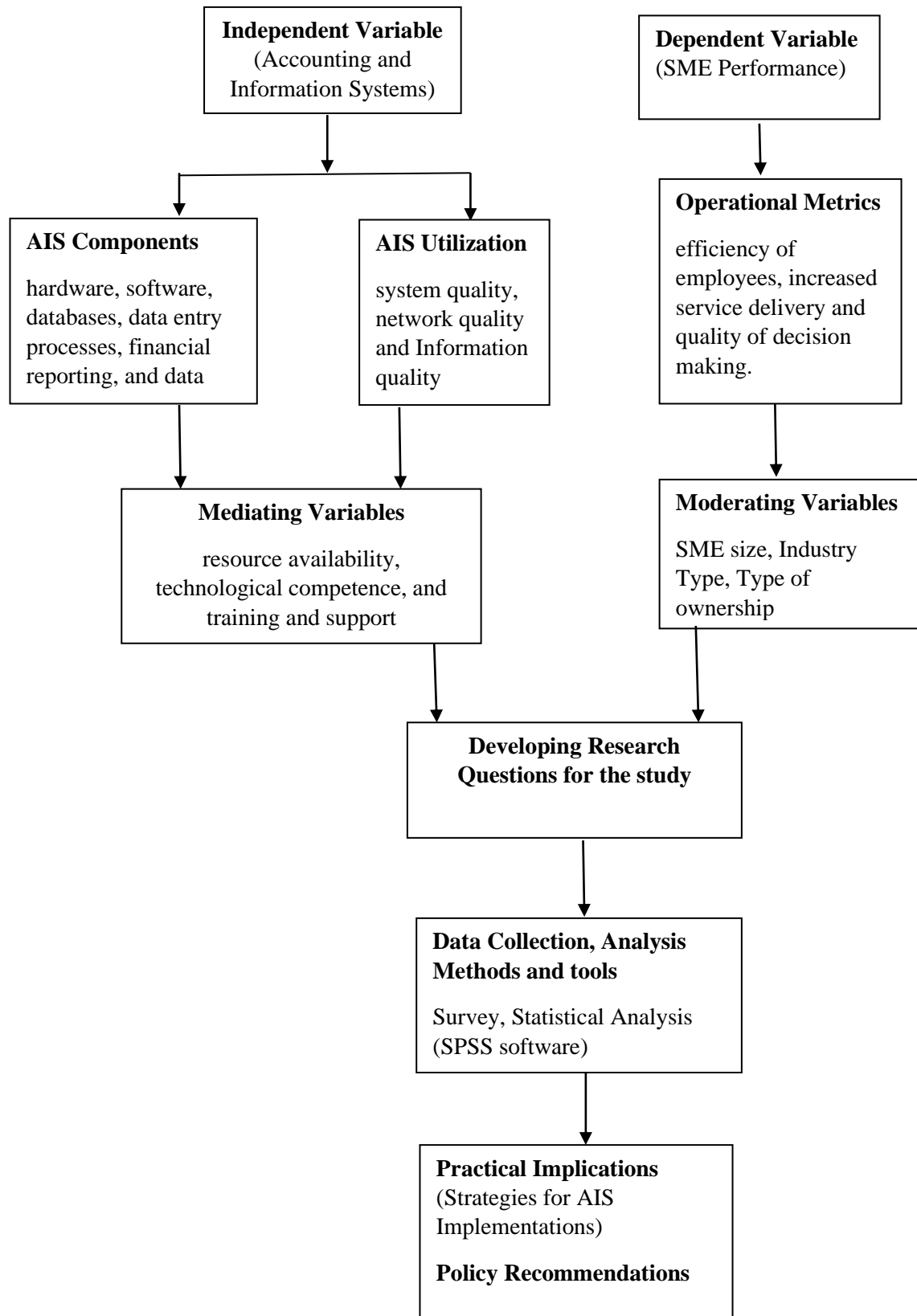
1.6 Research Questions

- i. What is the effect of system quality on the operational performance of SMEs in Kawempe?
- ii. What is the effect of information quality on the operational performance of SMEs in Kawempe Division?
- iii. What is the effect of network risk on the operational performance of SMEs in Kawempe Division?

1.7 The Conceptual Framework.

This conceptual diagram (Figure 1) illustrates the key elements of the study, including the independent variable (AIS), dependent variable (SME performance), mediating and moderating variables, hypotheses, data collection methods, theoretical framework, practical implications, limitations, and expected outcomes. It provides a visual representation of how these elements are interconnected in the research on the relationship between AIS and SME performance. Accounting Information Systems (AIS) are the independent variable. The consists of various components which include; hardware, software, databases, data entry processes, financial reporting, and data analysis tools. The AIS Utilization Measure the extent to which SMEs adopt and effectively use AIS in their day-to-day operations. Factors considered include system quality, network quality and Information quality. Mediating variables that could possibly influence the effectiveness include resource availability, technological competence, and training and support. SMEs performance is the dependent variables. The operation metrics here include efficiency of employees, increased service delivery and quality of decision making. The moderating variables i.e., factors modifying the link include SME size, ownership type and Industry type. The conceptual framework further highlights the method of data collection i.e., survey and analytical techniques (correlations, and SPSS software) used in the study.

Figure 1: Conceptual Framework



1.8 Significance of the Study.

The anticipated results of this study carry substantial implications for a range of stakeholders, encompassing business proprietors, researchers, scholars, and the wider academic community. SME owners will gain a better understanding of how Accounting Information Systems (AIS) can impact the operational performance of their businesses. This knowledge can help them make informed decisions regarding the adoption and optimization of AIS within their organizations. The results will further provide a comparative analysis of AIS versus traditional bookkeeping techniques. SME owners can assess the advantages and disadvantages of each approach, enabling them to make choices that align with their business goals. SME owners will receive insights into how implementing or altering AIS can enhance organizational productivity. This knowledge may lead to improved efficiency, cost savings, and better decision-making. Policymakers and government agencies may also find value in the study's results. They can use the findings to inform policies and initiatives aimed at supporting SMEs in adopting technology and improving their overall performance.

The study's results will contribute to the body of knowledge in the field of AIS and SME performance. Researchers and scholars can use these findings as a starting point for further research, expanding upon the existing literature and exploring areas that the current study may not have covered. It will as well offer additional references and empirical evidence that researchers can cite and incorporate into their own work. This can strengthen the theoretical foundation of future studies in this area. Researchers can identify specific aspects or variables related to AIS and SME performance that require further investigation. This can guide the direction of future research efforts and help pinpoint areas of interest. Researchers can also use the study's results to develop practical guidelines and recommendations for SMEs looking to implement or optimize AIS in their operations. This can bridge the gap between academic research and practical application.

1.9 Scope of the study.

1.9.1 Content scope.

The aim of this study was to explore the connection between Accounting Information Systems (AIS) and how well Small and Medium-sized Enterprises (SMEs) perform their day-to-day operations in Uganda, particularly in the specific region of Kawempe Division in Kampala. In this context, Accounting Information Systems serve as the independent variable, with its components including system quality, the quality of information generated, and potential network-related risks. On the other hand, the dependent variable focuses on the operational performance of SMEs, which encompasses aspects such as the productivity of employees, the effectiveness of service delivery, and the quality of decision-making processes.

1.9.2 Geographical scope

Kawempe can be found on the northwestern outskirts of Kampala. It shares its borders with Nabweru to the north, Kisaasi to the east, Bwaise to the south, Kazo to the southwest, and Nansana in Wakiso District to the west. The road distance from the central business district of Kampala to Kawempe is roughly 8.5 kilometers.

1.9.3 TIME SCOPE

The research gathered the relevant data over a six-month period, spanning from January 2023 to June 2023. Additionally, the study incorporated data spanning from 2013 to 2022. This time frame was deemed sufficient for obtaining all the required data for the investigation's objectives.

CHAPTER TWO: THE LITERATURE REVIEW

2.1 Introduction

This chapter comprises three main sections: theoretical analysis, literature analysis, and empirical analysis. In the theoretical review, we delve into the theories that various scholars have employed to understand the study variables and how these theories align with the current investigation. Conversely, the empirical studies seek to elucidate the gaps discerned in previous research on the same subject and, in doing so, endeavor to bridge these gaps.

2.1 Theoretical Review

2.1.1 The Contingency Theory

In line with the Contingency theory, initially proposed by Lawrence and Danny in 1976, it is emphasized that an accounting information system should exhibit flexibility in its design, considering the unique situation and organizational structure. Moreover, the accounting information systems must be capable of adapting to accommodate the specific options being considered. In other words, these systems should be developed with an adaptive design approach. This perspective is consistent with earlier contingency research, as articulated by Otley in 1980, which posits that there is no one-size-fits-all management accounting system suitable for all firms across all circumstances. Instead, the methods and approaches employed should be contingent upon the specific circumstances and characteristics of each individual firm.

Empirical research, guided by the contingency theory, has explored the growth of SMEs (Small and Medium-sized Enterprises). Researchers such as Fagbemi & Olaoye (2016), Harash, Suhail, & Ahmed (2014), and Emad (2017) have investigated the relationship between accounting information systems and company performance through the lens of contingency theory. Their collective findings suggest that these systems can enhance overall company performance, especially when they are tailored to suit the specific needs and advantages of the firm and its users. For example, in their 2016 study, Fagbemi and Olaoye conducted research in Nigeria, utilizing contingency theory to evaluate the performance of small-scale enterprises and their accounting information systems. Their study revealed that accounting information systems have the potential to enhance the performance of small and medium-sized enterprises, offering new opportunities for growth and development. The study further illustrates how contingency plans, computerized accounting information systems, and efficient inventory management systems

contribute to the enhanced performance of small businesses, enabling them to overcome challenges in securing the necessary funding.

In a related study by Emad (2017) focusing on Iraq, contingency theory was employed to elucidate the impact of accounting information systems on the accounting performance of SMEs. Emad's findings underscore the importance of careful consideration by managers in the way SMEs utilize accounting information systems. Choosing systems that align best with their unique needs is crucial for performance improvement. Consequently, accounting information systems are viewed as a valuable skill that business owners may need to make informed financial and strategic decisions, giving them a competitive edge and facilitating growth in highly competitive markets (Harash, Suhail, & Ahmed, 2014).

2.2 Empirical Review

The relationship between accounting information systems and organizational performance, with a foundation in the contingency theory is highlighted here. The study focuses on the concept of accounting information systems' capacity to predict firm performance, serving as the dependent variable. It identifies several key factors derived from empirical research, including system quality, information quality, network risk, and operational performance. These concepts are defined and their interconnections within the context of the research are elucidated in the following sections.

2.2.1 Systems Quality and operational performance

The Accounting system is just one of the numerous subsystems that constitute a broader Management Information System (MIS), which serves to integrate all the various departments within a company. Specifically, the Accounting Information System (AIS) functions as the bridge connecting the accounting department to the rest of the organization. In accordance with Emad (2017), AIS represents the fusion of accounting principles with technology, information management, and strategic decision-making. Consequently, it can be defined as "a system responsible for the collection, storage, processing, and analysis of financial and accounting data, which is utilized by both internal and external decision-makers" (Harash et al., 2014). While the majority of research has traditionally concentrated on examining the relationship between information technology and performance in large-sized companies, there is a growing recognition of the increasing importance of studying this influence on smaller-sized

organizations. Investing in these technologies can provide companies with a competitive advantage and the potential to position themselves for improved outcomes. This is because such investments enhance a company's responsiveness and adaptability, as highlighted by studies conducted by Emad (2017), Fagbemi and Olaoye (2016), and Grande et al., (2011).

Accounting systems play a pivotal role in assessing and overseeing the financial well-being of a company. They are responsible for generating essential documents for tax compliance and offering data to facilitate various other aspects of business operations, such as production, marketing, human resource management, and strategic planning. In the case of SMEs lacking accounting systems, tasks like evaluating performance, tracking customer and supplier accounts, and projecting future organizational performance would become notably challenging, as noted by Harash et al., (2014). This aligns with a study conducted in Turkey that investigated the impact of accounting information systems on firm performance, as conducted by Esmeray (2016). Taking a unique approach, the study explored the educational backgrounds of managers and the growth in staff size in relation to the adoption of accounting information systems. The findings indicated that as the educational level of managers increases, the utilization of information systems becomes more prevalent. Additionally, there is a positive correlation between the number of employees in a company and the adoption of AIS.

A study conducted in Uganda by Muhindo et al., (2014) aimed to assess the impact of accounting systems on the performance of small-scale businesses. Their findings underscored the vital role played by the management of a company's accounting information system. Accounting systems were acknowledged for their significant contribution to facilitating management decision-making through the generation of relevant documentation. The study recommended that small businesses should consider integrating accounting information systems into their management practices as a means to enhance their chances of success. A study conducted in the Middle East focused on assessing the impact of accounting systems on the operational performance of Saudi SMEs, as conducted by Trabulsi in 2018. The study concluded that increased emphasis on Accounting Information Systems (AIS) as an enhancement tool can significantly contribute to improved performance. This finding underscores the importance of AIS in gaining a competitive advantage within the highly competitive and attractive organizational landscape of SMEs.

Small and Medium-sized Enterprises (SMEs) have a significant presence in various economies worldwide. They tend to employ a larger number of individuals compared to larger corporations, often outnumbering them by a substantial margin. For example, in Tunisia, approximately 62% of all jobs are provided by enterprises with fewer than 100 employees. In Australia, SMEs contribute to a third of the nation's GDP and employ 4.7 million people, representing 97% of all businesses in the country. In Chile, as of the fiscal year 2014, a remarkable 98.5% of businesses were classified as SMEs. It's worth noting that smaller (micro) and informal enterprises are more prevalent in emerging economies compared to affluent ones. SMEs are recognized for their role in fostering competition and driving innovation across various economic sectors. However, it's important to acknowledge that while SMEs create new jobs, they also face challenges such as job loss or contraction in certain circumstances.

As per the insights provided by Baum (2002), Emad (2017), Fagbemi & Olaoye (2016), and Harash et al., (2014), it is evident that accounting information systems have evolved into an indispensable component of SMEs' capacity to meet customer demands and remain competitive in the market. According to the findings of Buljubasic & Ilgun (2015), accounting systems play a substantial role in influencing decision-making processes, thereby contributing to improved operational performance. This effect is particularly pronounced in today's rapidly evolving technological landscape, where innovative ideas are constantly emerging to enhance people's lives and simplify processes. Patel's (2015) second study on the impact of accounting information systems on firm performance revealed the multifaceted usefulness of these systems in decision-making. System quality, from the perspective of satisfying user needs, pertains to the technical aspects of the system. Metrics such as reliability, adaptability, response speed, and maintainability are frequently used to gauge system quality (DE Lone & McLean, 2003). In the context of this study, system quality is defined as the level of technical efficiency exhibited by the system, which is assessed based on the consistency of the user interface and other relevant factors.

Accounting information systems play a pivotal and indispensable role by providing data that empowers a company's management to effectively discharge its responsibilities and obligations. The consensus among numerous researchers, as indicated by Ali & Younes (2003), is that the quality of an organization's accounting information systems is a decisive factor in determining

whether it will successfully achieve its objectives or face challenges in doing so. Ali and Younes (2013) conducted a comprehensive investigation by merging the Delone and Mclean model, the Task Technology Fit (TTF) model, and the Technology Acceptance Model (TAM) to assess the impact of information systems on user performance. Their study revealed that system quality exerts a significant influence on the direct and indirect performance of organizations. Notably, among all the system quality measurements, integration and reliability were identified as the most critical elements that significantly affect user performance within an organization.

2.2.2 Information Quality and Operational Performance

In accordance with the insights provided by Emad (2017) and Harash et al., (2014), accounting information systems are instrumental in the generation of high-quality accounting data, which can then be utilized to produce precise and timely reports for dissemination to decision-makers. Information quality, as defined, pertains to "the quality of the output produced by the accounting information system and is commonly measured using completeness, timeliness, accuracy, and relevancy," as articulated by Delone & Mclean, (2003). This study defines information quality as the system's ability to provide users with timely, accurate, relevant, and comprehensive information to support sound decision-making.

Numerous researchers have explored the relationship between information quality and corporate financial performance, yielding a range of findings (Ali & Younes, 2013; Mouzhi & Helfert, 2013). In a study conducted by Mouzhi and Helfert in 2013, the focus was on the impact of information characteristics on a firm's decision-making process. The results underscored that the quality of decisions is significantly influenced by the correctness and completeness of the information available. Furthermore, the study concluded that access to high-quality information empowers businesses to make better decisions and operate more efficiently. In their research, Harash et al., (2014) delved into the impact of accounting information systems on the performance of SMEs in Iraq. They found that many SMEs leverage these systems to gather additional data, facilitating better decision-making, enhancing efficiency, and ultimately contributing to improved service delivery and overall performance of SMEs in the region.

2.2.3 Network risk and Operational Performance

Network risk can be defined as the threats related to the accounting system or characterized as an impediment that hinders the accounting system from functioning as intended. Numerous studies have explored the relationship between network risks and firm performance, with contributions from researchers such as Loch et al. (2012), Davis (2008), Siponen (2000), Wright & Wright (2002), and Hunton et al., (2005). Loch et al. (2012) conducted one of the most notable investigations in this field. Their study aimed to understand how management information systems executives perceived security risks to their computer systems. They compiled a summary and a list of twelve security threats, subjecting them to empirical analysis. The findings revealed that the top security risks included employee unintended behaviors, such as entering incorrect data and data destruction, as well as natural disasters, inadequate media management, and unauthorized access by hackers to computer accounting information systems. These findings supported the assertions of experts that a significant portion of threats to management information systems originates from within businesses.

Wright & Wright (2002) conducted an exploratory study to gain a better understanding of the specific hazards and risks associated with the implementation and utilization of an accounting information system. Their analysis revealed that the information system initially lacked adequate controls in its design, and data conversion was also poorly executed. Moreover, the absence of sufficient user training further heightened the potential for errors in financial statements and increased organizational risks. Additionally, the study concluded that the accounting information system was not operating at its full potential, leading to challenges in decision-making due to inaccuracies in financial figures. This, in turn, had a detrimental impact on corporate performance. Hunton, Wright, and Wright (2005) conducted an experimental study to investigate the extent to which auditors and information systems (IS) audit specialists perceive differences in the nature of risks associated with accounting information systems when compared to traditional manual accounting systems. The study revealed that auditors were notably less concerned than information system audit specialists about the elevated risks specific to the accounting information system environment in the experimental case. These risks included business interruption, network security, database security, application security, process interdependency, and overall control risk.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section provides a systematic and scientific description of the methods employed to plan, conduct, and analyze the study. It covers the research design, study population, sample size and selection, sampling techniques, data collection techniques, data collection tools, data collection procedure, validity and reliability of the tools, data analysis, measurement of variables, data presentation and analysis, and study limitations.

3.2 Research Design

The study employed a survey methodology, wherein data pertaining to all the variables under investigation were collected simultaneously. This research approach has garnered substantial support within academic circles and has been utilized by various scholars, including Xu (2009) and Fagbemi and Olaoye (2016). They have found this approach appropriate because it effectively characterizes and elucidates a phenomenon, facilitating the collection of a substantial volume of data from selected SMEs in the Kawempe division. Furthermore, the study adopted a quantitative explanatory approach to generate numerical data through descriptive statistics, which were subsequently subjected to statistical analysis. This analytical process aimed to elucidate the relationship between accounting information systems and SME performance, as emphasized by Amin (2005).

3.3 Population of study

The study population comprised small and medium-sized businesses registered with the KCCA and operating within the Kawempe division. The research exclusively focused on this particular subset of businesses. The choice to center the study on the Kawempe division was made because it is one of the divisions in Kampala characterized by businesses facing significant challenges. These SMEs predominantly operate in the manufacturing, commercial, and service sectors. According to data obtained from the KCCA head office, there are more than 244 registered small and medium-sized businesses in the service, trade, and manufacturing sectors within the division. These businesses are dispersed throughout the region, and the study targeted those operating within the division itself.

3.4 Design and Sampling Size

Utilizing the sample size calculation model established by Krejcie and Morgan in 1970, a sample size of 144 SMEs was selected from a larger population of more than 244 businesses operating within the Kawempe Division as illustrated in **Table 1**.

Table 1: Population and sample size. Source (Krejcie and Morgan, 1970)

Industrial Area	Population	Sample size	Sampling method
Kanyanya	80	50	Purposive sampling technique
Makerere	75	42	Purposive sampling technique
Kawempe	85	52	Purposive sampling technique
Total	244	144	Purposive sampling technique

3.5 Sampling Procedure Technique

Kawempe Division was divided into industrial parks, and samples were selected from each sub-group as a unit of analysis while sampling the SMEs using a purposive sampling technique. Accounting professionals and business owners were chosen as a unit of inquiry using an intentional sampling approach because it was anticipated that, due to their positions in the organization, they were better aware about the subject under evaluation.

3.6 Data gathering and data sources

The research utilized a survey approach to collect primary quantitative data. To be specific, a method involving structured self-administered questionnaires was employed for the survey. This approach has been employed by other scholars in previous research endeavors to gather information for similar projects (Adenike, 2017; Xu, 2009; Trabulsi, 2018). The questionnaire predominantly consisted of closed-ended questions, aiming to enhance the quality of responses and reduce the incidence of irrelevant and undesired responses from the participants. To obtain more comprehensive insights into the research topics, a structured interview guide was employed for collecting qualitative data. This guide comprises open-ended questions, which enable the researcher to explore the subject matter in greater depth.

3.7 Tools for Data Collection

According to Cooper & Schindler (2014), research instruments are essentially tools designed for gauging pertinent variables. In this study, the primary research tools consisted of a structured interview and a questionnaire utilizing a nominal scale.

3.7.1 Standardized Self-Administered Questionnaire

To ascertain the quality of accounting information and its correlation with firm performance, a standardized questionnaire was employed as the primary data collection method. This survey incorporated closed-ended questions that were formulated based on established theories drawn from existing literature. The questionnaire encompassed four primary elements: system quality, information quality, network risks, and operational performance. These elements were adapted from previous studies to align with the objectives of this research.

On a five-point Likert scale, the responses were ordered as follows: with value of 5="SA" stands for "strongly agree," 4="A" for "agree," 3="N" for "neutral," 2="D" for "disagree," and 1="SD" for "strongly disagree." Where straightforward solutions were necessary, these 26 improved simplicities. Despite the fact that managers, accountants, and CEOs of SMEs that operate in Kawempe Division received questionnaires to complete on their own, they were also handed to them.

3.7.2 Research Interview Guide

Interviews are considered a primary data collection method because they allow researchers to obtain qualitative insights on a specific subject (Cooper & Schindler, 2014). Face-to-face interviews were conducted using a guide to collect qualitative data from managers, accountants, and business owners. This approach was chosen to elicit in-depth information by probing the research interview guide.

3.8 Data Quality Control

3.8.1 Research Validity

Validity, as defined by Cooper & Schindler (2014), pertains to the extent to which research findings can be generated and comprehended accurately. Volgt (2007) characterizes it as "the truth or accuracy of the study." To establish content validity, the instrument's items were thoroughly discussed with supervisors and research experts, resulting in confirmation of content validity. Subsequently, following the method recommended by Croker et al. (1986), a content

validity index of 0.762 was computed. This process ensured that the questions in the study were relevant, ultimately aiming for meaningful and reliable results that align with the study's variables.

3.8.2 Instrument Reliability

According to Hoffschwelle (2011), reliability stems from a process that produces consistent, dependable, and reproducible results that are consistent with previous research. Vogt (2007) defines dependability as the capacity of a design or measurement to yield the same outcome when used by multiple scholars or at different time points. To ensure internal consistency, the researcher ensured that the study's variables had precise operational definitions. Qualitative research, as indicated by Roxan et al. (2017), relies on reliability to ensure the validity of its findings. It is suggested that dependability, validity, and other critical quality aspects are all synonymous with the rigor of qualitative research. A reliability assessment was conducted on the research tool, and in line with Amin (2005), an alpha value of 0.7 or higher is considered significant enough to establish the instrument's reliability. The closer this value is to 1, the more reliable the instrument is considered to be. According to the results presented in **Table 2**, the measurement scales utilized in the study demonstrated adequate reliability and effectively assessed the study's variables. The Cronbach's alpha coefficient ranged from .788 (for information quality) to .705 (for system quality). Network risk had a score of .757, and firm operational performance scored .770.

Table 2: Summary of Cronbach's alphas test result. Source; Amin (2005)

Variable	Cronbach's alpha	Cronbach's alpha standardized	No. of item
System quality	.705	.705	8
Information quality	.788	.788	6
Network risk	.757	.757	8
Operational performance	.770	.770	8

3.9 Data Collection Methodology

Once the accuracy and reliability of the study tools were verified, a letter of introduction was obtained from Uganda Christian University before distributing the questionnaires. During the questionnaire administration, the researcher informed the respondents about the study's intentions regarding their businesses. Respondents were then given the questionnaires and asked to complete them. After distributing the surveys, the researcher collected them two days later and conducted a review of the responses to ensure their completeness. Subsequently, the questionnaires were organized for the purpose of data analysis.

3.10 Measurement of Variables

The items used to measure the variables in this study were adapted from prior empirical research on various aspects of accounting information systems, including system quality, information quality, system threats, and firm performance. Data regarding the respondents' perspectives and opinions regarding the accounting information system and operational performance were collected using scaled variables derived from a questionnaire developed by the researcher after reviewing relevant literature on the subject.

In accordance with the approach outlined by Mugenda & Mugenda (2003), a five-point Likert scale was employed, where 5 represented "strongly agree," 4 denoted "agree," 3 indicated "not sure," 2 signified "disagree," and 1 corresponded to "strongly disagree." This scale was utilized to assess the attitudinal disposition of the respondents toward the study variables.

3.11 Data Analysis

After being cleaned, processed, and keyed into a computer and being examined, the raw data collected from the field was analyzed.

3.11.1 Analysis of Quantitative Data

For the data analysis in this study, the latest version of SPSS, which is version 23.0, was utilized as the statistical software. Various statistical methods were employed, including descriptive analysis and correlation analysis, among others. The significance level set for testing research questions and hypotheses was 0.05. To capture the demographic data of the respondents in Section A of the research study, which includes demographic questionnaires, descriptive statistics such as frequency counts and percentages were generated. The initial step in analysing Research Objective One (System Quality and operational Performance), Research Objective

Two (Information Quality and operational Performance), and Research Objective Three (network risks and operational Performance of SMEs in Kawempe Division) involved preliminary findings where descriptive statistics, such as means and standard deviations, were used to analyse the results.

To assess the impact of each objective—specifically, the effect of system quality on operational performance (Objective One), information quality on operational performance (Objective Two), and network risk on operational performance (Objective Three) of SMEs in Kawempe Division—the Pearson Product Moment correlation analysis technique was employed. For hypothesis testing, the highest level of statistical significance used was set at 0.05. Using the Pearson Product Moment correlation analysis technique, the study investigated the influence of the accounting information system on the operational performance of SMEs in Kawempe Division, with a significance threshold of 0.05 for hypothesis testing.

3.11.2 Analysis of Qualitative Data

Qualitative data was subjected to content analysis, a method used to examine the data's content and identify recurring themes or concerns. The responses from key informants were categorized based on common themes that emerged. Following the guidance provided by Mugenda and Mugenda (2003), specific direct quotations from participants were selected to serve as illustrative examples, highlighting the recurring concerns that arose in response to each of the guiding topics. These quotations were used to exemplify and illuminate the key themes identified in the qualitative data analysis.

3.12 Ethical Points

The research process adhered to ethical guidelines, including: 1) Voluntarism: Participants were not coerced or pressured to take part in the study. The research team explained the study's purpose and sought participants' informed consent. 2) Objectivity: The research team ensured that the results were not manipulated or biased in any way, maintaining research integrity. 3) Anonymity and Confidentiality: Respondents' identities were kept confidential, and their information was solely used for academic purposes, with no mention of their names in the study. 4) Respect: Participants were treated respectfully, and their viewpoints were considered.

3.13 Limitations to the study

The limitations of the research include the potential lack of standardization in research tools, which prompted the need for validity and reliability testing to ensure dependable measurements. Additionally, inconsistencies in questionnaire administration, interpretation, and explanations may arise when research assistants are involved, although efforts were made to train and supervise them. Attrition is another limitation, as not all questionnaires may be completed or returned due to respondents' personal circumstances, but the researcher mitigated this by recruiting extra participants beyond the study's limitations.

CHAPTER FOUR: STUDY RESULTS

4.0 Introduction

This chapter is focuses on data presentation, analysis and interpretation. It commences with an overview of the descriptive data, emphasizing system quality, information quality, and network risks in relation to SMEs in the Kawempe division. Subsequently, the performance of SME enterprises is assessed in comparison to key relevant factors, such as system quality, information quality, and network risks. The chapter concludes by reporting the findings from the correlation analysis.

4.1 Response rate

The study employed a stratified random sampling technique to select 144 respondent companies, and questionnaires were distributed accordingly. Impressively, 108 completed questionnaires were returned, yielding a robust response rate of 75%. This high response rate was largely attributed to effective data collection methods, involving both the researcher and assistants in survey administration.

4.2 Background information

This section provides details regarding the characteristics of both SME owners and accountants, as well as the characteristics of SME firms.

4.2.1 Respondents characteristics

The important characteristics of the respondents used in this study include gender, the duration of firm existence, and their respective departments within the firm.

4.2.1.1 Gender of Respondents

Table 3 displays demographic information related to the gender distribution of the respondents i.e., Male and Female. Out of the 108 respondents, 52 were female, making up 48.1% of the total, and 56 were male accounting for 51.9% of the total.

Table 3: Gender distribution of the respondents of the study

Gender	Number of Respondents	Percentage
Female	52	48.1
Male	56	51.9
Total	108	100.0

4.2.1.2 Period of SMEs Existence

Table 4 presents demographic information regarding the period of existence of the businesses represented by the respondents. This category specifies different ranges of years representing how long each business has been in operation, ranging from 1-2 years, 3-5 years, 6-10 years, and 11-15 years. 33 businesses have been in existence for 1-2 years, making up 30.6% of the total respondents. 51 businesses have been operating for 3-5 years, accounting for 47.2% of the total. 22 businesses have been in operation for 6-10years. Only 2 of the businesses have been in operation for a timeframe range of 11-15years.

Table 4: Period of existence of the different SMEs

Period of existence of the business	Number of Responses	Percentage
1-2Years	33	30.6
3-5Years	51	47.2
6-10Years	22	20.4
11-15Years	2	1.9
Total	108	100.0

4.2.1.3 Department of Operation by the Different Respondents

Table 5 provides demographic information related to the departments in which the respondents work. This category lists various departments within the businesses where the respondents are employed, including, Accounting and finance department, Logistics department, HR department, ICT department, and Programming department. The majority of respondents, 84 individuals or 77.8%, work in the Accounting and finance department. In contrast, there are smaller numbers of

respondents in other departments, such as 3 in Logistics department, 1 in HR department, 4 in ICT department, and 2 in Programming department.

Table 5: Distribution of Respondents in the Different departments

Department in which the respondent works	Number of Respondents	Percentage
Accounting and finance department	84	77.8
Logistics department	3	2.8
HR department	1	.9
ICT department	4	3.7
Programing department	2	1.9
Other departments	14	13.0
Total	108	100.0

4.2.2 Firm characteristics

The essential firm characteristics include; 1) Industry where the firm operates in: This characteristic pertains to the specific sector or field of business activity in which each firm operates. It can encompass various industries such as manufacturing, retail, services and manufacturing. 2) Legal status of the business: This refers to the formal legal structure under which the business operates. It can include forms like sole proprietorship, partnership, joint ventures and corporation. 3) Number of employees within the firm: This characteristic indicates the total count of individuals who are employed by the firm, representing its workforce size. It can range from a small number of employees to a large workforce, depending on the scale and scope of the business.

4.2.2.1 Industry of Operation

Table 6 provides information about the industry of operation among the surveyed firms/ SMEs. The majority of surveyed firms, 55 in total or 50.9%, operate in the Manufacturing sector. There are 16 firms, accounting for 14.8%, in the Trade sector, and 37 firms, making up 34.3%, in the Service sector.

Table 6: Summary of firm characteristics (industry of operation)

Industry of operation	Frequency	Percentage
Manufacturing	55	50.9
Trade	16	14.8
Service	37	34.3
Total	108	100.0

4.2.2.2 Legal Status of SMEs

Table 7 presents data related to the legal status of the surveyed enterprises. Private enterprises make up the majority, with 52 firms, accounting for 48.1% of the total surveyed enterprises. There are no public enterprises among the surveyed firms. Partnership enterprises amount to 15, making up 13.9% of the total. Sole proprietorship enterprises total 39, representing 36.1% of the surveyed firms. Joint venture enterprises are the least common, with only 2 firms, comprising 1.9% of the total surveyed enterprises.

Table 7: Summary of firm characteristics (legal status)

Legal status of the enterprise	Frequency	Percentage
Private	52	48.1
Public	0	0.0
Partnership	15	13.9

Sole proprietorship	39	36.1
Joint venture	2	1.9
Total	108	100.0

4.2.2.4 Business Size (Number of Workers)

Table 8 presents information about the size of the surveyed business enterprises, with a focus on the number of workers employed by each enterprise. The largest group of surveyed enterprises, 46 in total or 42.6%, fall into the 1-20 workers category. Following closely, there are 43 enterprises, accounting for 39.8%, in the 21-40 workers category. There are smaller numbers of enterprises in the larger size categories, such as 8 firms (7.4%) in the 41-60 workers category, 6 firms (5.6%) in the 61-80 workers category, 3 firms (2.8%) in the 81-100 workers category, and 2 firms (1.9%) categorized as More than 100 workers.

Table 8: Size of Business based on the number of workers

Size of the business enterprise	Frequency	Percentage
1-20workers	46	42.6
21-40workers	43	39.8
41-60workers	8	7.4
61-80workers	6	5.6
81-100workers	3	2.8
More than 100workers	2	1.9
Total	108	100.0

4.3 Descriptive statistics of study variables

9.3.1 System quality and operational performance

Table 9 focuses on the assessment of system quality, a topic that has garnered considerable attention and discussion within the context of accounting systems used by SMEs in Uganda. The table presents insights into how various users of Accounting Information Systems (AIS) who participated in the study perceived the quality of these systems. Specifically, the investigation concentrated on seven key areas related to system quality, as follows; 1) Secure data storage and

retrieval: Evaluating the system's ability to securely store and retrieve data. 2) Verification prior to accessing the system: Assessing the process of confirming user credentials before granting system access. 3) Ease of use in meeting user requirements: Measuring how well the system aligns with user needs for user-friendly operation. 4) Technical efficiency for error reduction: Examining the system's technical efficiency in minimizing programming errors. 5) Integration of reporting across functional areas: Exploring the system's effectiveness in connecting and integrating reporting across different parts of the organization. 6) Allocation of a budget for AIS renewal and maintenance: Evaluating whether there is a designated budget for regular AIS renewal and upkeep. 6) Reliability and quick response time of the AIS: Assessing the system's reliability and its ability to provide prompt responses.

9.3.1.1 Feedback on the Quality of Accounting Information Systems (AIS) and Operational Performance in Small and Medium-sized Enterprises (SMEs) in Kawempe Division.

Table 9 provides a summary of the data, indicating that most users of Accounting Information Systems (AIS) perceive the system's quality to be above average on a scale ranging from 1 to 5. However, there are notable variations among the different aspects of AIS system quality. For instance, when asked if companies allocate budgets for AIS renewals and maintenance, respondents scored it at 3.3 with a standard deviation of 1.205. This aspect received the lowest rating compared to others, indicating that businesses may not prioritize AIS renewals and maintenance.

The degree to which AIS in companies integrates the reporting activities of different functional areas received a mean score of 3.51, which was the second-lowest rating. This suggests that many firms' AIS systems do not effectively connect the reporting activities of various functional areas. In terms of technical efficiency, which reduces programming errors, AIS users gave it a moderate rating (Mean = 3.96, S.D = 0.8) for system quality.

On the other hand, system quality received the highest ratings in areas where AIS allows users to verify before use (Mean = 4.43, S.D. = 0.585), AIS is considered reliable (Mean = 4.42, S.D. = 0.583), and AIS has a quick response time (Mean = 4.41, S.D. = 0.726). The generally low standard deviation values indicate that the reported mean values are reliable, with only a few outliers. This suggests that the AIS systems of various enterprises are of high quality, particularly concerning data privacy and their role in decision-making.

These findings align with interview results, highlighting the significance of system quality for SMEs. Many SMEs emphasize the importance of good system quality, as it is crucial for their operations. The quantitative analysis in Table 8 confirms this by indicating that reported system quality is moderately high, reflecting the importance SMEs place on maintaining strong system quality.

Table 9: Response on Systems quality (AIS) and operational performance in SMEs in Kawempe Division.

Systems quality and operational performance	Mean	Standard Deviation
In our enterprise the AIS has safe data storage and retrieval	4.17	0.541
In our enterprise the AIS allows users to verify before accessing the system	4.43	0.585
In our enterprise the AIS is provides ease of use in terms of meeting user requirements	4.13	0.753
In our enterprise the AIS has technical efficiency which reduces programming error	3.96	0.8
The AIS in our enterprise interconnects the reporting activities of different functional areas of our business	3.51	1.144
In our enterprise there is a separate budget for renewals and maintenance for the AIS	3.3	1.205
In our enterprise the AIS is reliable	4.42	0.583
In our enterprise the AIS response time is fast	4.41	0.726
Overall mean	4.04	

Note; Indicating how far out from the mean individual responses by respondents are, these items were scored on a five-point Likert scale, with 5 denoting "strongly agree," 4 agree, 3 neutral, 2 disagree, and 1 strongly disagree

4.3.2 Descriptive Statistics on Information quality and operational performance

The data presented in Table 10 reveals several key insights regarding the quality of information produced by the Accounting Information Systems (AIS). Firstly, the majority of AIS-generated information is deemed comprehensive for decision-making, with a mean score of 4.46 and a relatively low standard deviation of 0.648. This indicates that the AIS is effective in providing detailed and relevant data to support decision-making processes.

Secondly, the AIS is considered proficient in safeguarding sensitive information from unintentional disclosure, as evidenced by a mean score of 4.33 and a standard deviation of 0.724. This highlights the system's capability to maintain data confidentiality and security effectively.

Furthermore, the AIS performs well in various aspects of information quality, including producing relevant, efficient, and timely information for effective decision-making, as indicated by mean scores above 4 in these categories. However, the area where the AIS shows the least occurrence concerning information quality is in consistently applying information from one period to another, with a mean score of 3.9 and a standard deviation of 1.081.

Overall, the data suggests that SMEs place a strong emphasis on information quality, as corroborated by interview findings. The majority of mean values exceeding 4 indicate that AIS systems are instrumental in delivering high-quality information. The relatively low standard deviation values suggest a reasonable level of agreement among respondents regarding the system's information quality. These findings align with the notion that SMEs prioritize the accuracy and reliability of information in their decision-making processes, emphasizing their commitment to maintaining information quality.

Table 10: Effect of Information quality of accounting information systems on operational performance of SMEs in Kawempe division

Information quality on operational performance	Mean	Standard deviation
In our enterprise the AIS produces relevant information for decision making	4.16	0.479
In our enterprise the AIS is effective enough to produce accurate information	4.25	0.702
In our enterprise the AIS produces complete	4.46	0.648

information for decision making		
In our enterprise the AIS protects sensitive information from unauthorized disclosure	4.33	0.724
In our enterprise the AIS produces information that's applied consistently from one period to another	3.9	1.081
In our enterprise the AIS produces timely information for effective decision making	4.38	0.76
Overall mean	4.25	

4.3.3. Descriptive Statistics on Network risks and operational performance

Table 11 reveals that the responses regarding certain aspects of accounting information systems (AIS) generated specific insights. Firstly, respondents expressed a strong consensus that AIS should not produce fictitious reports, as indicated by a low mean of 1.15 and a small standard deviation of 0.65. This consensus suggests that accuracy and reliability are paramount in AIS-generated reports, and there is little variability in respondents' views on this matter.

Secondly, the intentional destruction of data by employees within businesses emerged as another concern, with a mean of 1.81 and a standard deviation of 0.754. This finding highlights the importance of safeguarding data integrity and security within AIS, as respondents agreed that such malicious actions should be prevented.

In summary, the low standard deviation values indicate reasonable consistency and agreement among respondents regarding these specific aspects of AIS. The fact that most mean values fall below 3 underscores the significance of addressing these system vulnerabilities to ensure the accurate and secure functioning of accounting information systems.

Table 11: Effect of Network risks on operational performance in SMEs of Kawempe division

Network risks and operational performance	Mean	Standard deviation
In our enterprise the AIS often experience system failure	2.95	1.111
In our enterprise the AIS requires 24/7	2.44	1.109

internet		
In our enterprise the AIS experience unauthorized access into the system by employees of the enterprise	1.86	0.946
In our enterprise the AIS experience unauthorized access into the system by outsiders (hackers)	2.07	0.85
In our enterprise the AIS users in the enterprise uses the same passwords	1.65	0.704
In our enterprise the AIS experiences intentional destruction of data by employees within the business	1.81	0.754
In our enterprise the AIS experiences interception of data transmission from remote location	2.25	0.837
In our enterprise the AIS always creates fictitious reports	1.51	0.65
Overall mean	2.02	

4.3.4 Descriptive Statistics on Operational performance

The responses presented in Table 12 offer insights into average perceptions of operational performance (OP) among SMEs. The findings highlight two specific areas where SMEs have experienced significant improvements since implementing AIS. Firstly, there is a strong consensus (mean = 4.444) that SMEs have enhanced their decision-making abilities, a result supported by the relatively low standard deviation (0.755), signifying minimal variability in responses. Secondly, respondents also believe that AIS has positively impacted the generation of automated reports (mean = 4.444), with a similarly low standard deviation (0.647), suggesting consistent agreement on this improvement. These findings collectively indicate that AIS contributes to streamlined decision-making processes and efficient report generation, saving time for SMEs.

Additionally, the majority of respondents acknowledged that SMEs have achieved improved customer service through effective inventory management facilitated by AIS implementation (mean = 4.39), with a standard deviation of 0.706. This indicates a strong consensus among respondents regarding the positive effects of AIS on customer service in the context of inventory management. It is noteworthy that most mean values in Table 12 surpass the threshold of 4, implying that SMEs in the Kawempe division have witnessed notable performance enhancements since adopting computerized accounting systems. Moreover, the standard deviation statistics, while not extremely low, indicate reasonable consistency in respondents' opinions and provide validity to the reported mean values.

Table 12: Operational performance of SMEs in Kawempe division

Operational performance	Mean	Standard deviation	
Our enterprise has realized increased efficiency since it started using an AIS	3.99	0.72	
Our enterprise is able to generate automated reports since it started using AIS	4.44	0.647	
Our enterprise realizes employee's knowledge and learning experts' skills since it started using an AIS	3.95	0.77	
Our enterprise achieves enhanced efficiency and capability in its operations since it started using an AIS	4.07	0.663	
The AIS helps our enterprise to improve effectiveness and competitiveness	4.21	0.697	
Our enterprise achieves internal budgetary control since it started using an AIS	3.92	0.802	
Our firm has realized effective inventory management which improves customer	4.36	0.706	

service since it started using an AIS			
Our enterprise achieves improvement in decision making since it started using an AIS	4.44	0.755	

4.4 The relationship between accounting information systems and operational performance

In order to determine the connection between accounting information systems and operational performance, a correlation study was conducted. To further the study's goals, these experiments were conducted. Table 13 displays the Pearson coefficient statistic-based connections between the variables.

Table 13: Pearson's Product Moment correlation analysis relationship between study variables

Variables	1	2	3	4
System Quality (1)	1			
Information quality	.400**	1		
Network risks (3)	-.157	-.357	1	
Operational performance of the enterprise (4)	.264**	.384**	-.218*	1

N=107, *P<0.05, **P<0.01

4.4.1 System quality and operational performance of SMEs.

The study's primary goal was to assess the effect of system quality on operational performance of SMEs in Kawempe division. The researcher employed Pearson's Product Moment Correlation to achieve this goal, and the findings were used to test the null hypothesis that there is no significant effect of system quality evaluation on SMEs operational performance. The hypothesis was tested at the level of significance 0.01 and rejected when the sig. value was higher than 0.01.

The data on the correlation between System quality and operational performance of SMEs in Kawempe Division using Pearson Product Moment Correlation are shown in Table 12 above. The results showed that system quality affects SME operational performance in Kawempe Division that is positive (26.4%). It is significant at the 1% level of significance that there is a positive correlation between system quality and operational performance. The results suggest

that an increase of 45 in the accounting system's quality leads to a notable improvement in the performance of SMEs in Kawempe.

4.4.2 Information quality and operational performance of SMEs.

The study's second objective was to examine the effect of information quality on the operational performance of SMEs in Kawempe Division. In order to accomplish this goal, the researcher utilized Pearson Product Moment Correlation. She then used the data to test the null hypothesis that there is no impact on SMEs in the Kawempe division's operational performance and their appraisal of the information quality. A 0.001 threshold of significance was used to test the hypothesis, and it was deemed invalid when the sig. value was higher than 0.001. According to the study's findings (Table 12), there is a significant positive effect between the performance of SMEs in the Kawempe Division's accounting system and operational performance (38.4%). The fact that the p-value (0.000) is less than the 1% level of significance shows that there is a substantial association between the information quality of the accounting system and operational performance. The findings suggest that improving an accounting system's information quality leads to a considerable improvement in the operational performance of SMEs in the Kawempe Division.

4.4.3 Network risk and operational performance of SMEs.

The third objective of the research was to assess the effect of network risk on the operational performance of SMEs in Kawempe Division. In order to accomplish this objective, the researcher employed Pearson's Product Moment Correlation. The findings were then used to test the null hypothesis that there is no connection between network risk and the operational efficiency of SMEs in the Kawempe division. At a 0.05 level of significance, the hypothesis was examined, and it was shown to be unreliable when the sig. value was greater than 0.005.

The findings in Table 12 above demonstrate that there is a negative correlation (-21.8%) between network risks and the operational performance of SMEs in Kawempe Division. Since it is clear that the p-value (0.024) is below the 0.05 criterion of significance, the negative connection must be significant. The findings show that when there is a decrease in risks to the accounting system, the operational performance of SMEs in Kawempe Division will significantly improve. The results imply that a rise in network risk on the accounting system will cause a sharp decline in the performance of SMEs in the Kawempe Division.

CHAPTER FIVE: DISCUSSION OF RESULTS

5.0 Introduction

This chapter contains a summary of findings, discussion of the study's findings, a conclusion, and recommendations. The study studied the link between accounting systems and the operational performance of SMEs in Kawempe division. The effect of system quality on operational performance, the effect of information quality on operational performance, and the effect of network risk on operational performance are all clearly explained. The chapter concludes with explanations of how the study's results relate to previously accepted theory and empirical study results.

5.1 System quality and operational performance

The first objective of this study aimed to investigate the influence of system quality on the operational performance of SMEs in Kawempe Division. To achieve this objective, a correlation analysis was conducted, revealing a strong and positive correlation between system quality and the operational performance of SMEs in the division. The data indicated a significant effect of 26.4% between system quality and operational performance at a 1% level of significance ($p=0.006$). The study found that, on average, system quality was rated at a good level, with a mean score of 4.04. These results suggest that enhancing the quality of the accounting system leads to a noticeable improvement in the operational performance of SMEs in Kawempe Division. Key features of system quality include secure data storage and retrieval, user verification before system access, ease of use to meet user requirements, technical efficiency reducing programming errors, integration of reporting activities across functional areas, a dedicated budget for system renewals and maintenance, and system dependability and responsiveness.

These findings align with existing research and prior studies that have consistently demonstrated a positive relationship between system quality and company performance. System quality is generally regarded as a measure of the technical effectiveness of the system, encompassing aspects like user interface consistency, usability, documentation quality, programming error

rates, and system maintainability (DeLone & McLean, 2003). The outcome is also consistent with the findings of Shagari, Abdullah, and Saat (2015), who also identified a favourable correlation between system quality and AIS (Accounting Information System) efficacy. They believed that their study's results would assist bank management in improving AIS performance and decision-making practices. The results align with the research conducted by Algrari & Ahamed (2017), which found a substantial association between the accuracy of accounting information systems and the operations of Asia Cell Telecommunication Company. They concluded that accounting information systems play a crucial role in the operations of the company. It can therefore be concluded that system dependability is a critical characteristic of accounting information systems, ensuring that data is unbiased, error-free, verifiable, and accurately represents the intended information (Xu, 2009). The study successfully achieved its first objective, highlighting the significant and positive impact of system quality on the operational performance of SMEs in Kawempe Division.

5.2 Information quality and operational performance

The second objective of this research aimed to investigate the impact of information quality on the operational performance of SMEs in Kawempe Division, and this investigation was carried out through correlation analysis. The study assessed accounting information systems in terms of their ability to provide timely, accurate, complete, and secure information for effective decision-making. The findings indicate that information quality exerts a significant influence on the operational performance of SMEs in the Kawempe division. The data revealed a substantial effect of 38.4% between information quality and operational performance at a 1% level of significance ($p=0.000$). The study identified a high average mean of 4.25, indicating a strong level of information quality. This suggests that enhancing the quality of information output from an accounting system leads to a substantial improvement in the performance of SMEs in the Kawempe Division.

These findings align with existing research and previous studies that have consistently demonstrated a positive relationship between information quality and operational performance. The body of research suggests a positive correlation between information quality and organizational performance, as evidenced by the work of Ali and Younes (2013). Their study highlighted completeness and timeliness as critical aspects of information quality and emphasized the strategic importance of information for organizations. The results are further

supported by the research of Mouzhi and Helfert (2013), who explored how information characteristics impact a firm's decision-making process. Their findings emphasized that information completeness and accuracy significantly affect decision quality, and high-quality information enables organizations to make better decisions and operate more efficiently.

In summary, data quality is paramount for AIS (Accounting Information Systems) because the quality of the information output relies on the quality of the data input. Poor data quality can result in inaccurate and unreliable information, underscoring the importance of maintaining accurate accounting records for informed decision-making (Romney & Steinbart, 2017). The study successfully achieved its second objective, demonstrating that information quality significantly and positively predicts both operational and firm performance.

5.3 Network risks and operational performance

The third research objective aimed to evaluate the impact of network risks on the operational performance of SMEs in Kawempe Division. To achieve this objective, a correlation analysis was conducted to assess the influence of network risks on operational performance. Network risks were assessed based on various factors, including system failures, dependence on a stable internet connection, password sharing among users, deliberate data destruction by employees, and data interception frequency. The results indicated that network risks are associated with a significant negative impact on firm operational performance, with a correlation coefficient of -21.8% and a p-value of 0.024, which is lower than the significance level of 0.05. The study found that, on average, network risks were rated at a low level, with a mean score of 2.02. This suggests that an increase in network risks within accounting systems could lead to a substantial decline in the performance of SMEs in Kawempe Division.

These findings align with existing research and previous investigations that have consistently shown a negative relationship between network risks and the operational performance of SMEs. Network risks are essentially obstacles that hinder the proper functioning of information systems, as highlighted in Loch et al.'s (2012) study. Davis (2008) identified the top three risks associated with accounting information systems in microcomputer environments, which included employees accidentally entering incorrect data, accidental data erasure, and the introduction of computer viruses. Davis also concluded that network system risks have a detrimental impact on firm operational performance. Siponen (2000) designed an organizational information security

awareness program to mitigate end-user errors and enhance the effectiveness of security controls. Siponen's findings emphasized that the misuse, misinterpretation, neglect, or improper execution of information security procedures by end users could significantly reduce the effectiveness of security measures and, consequently, harm firm operational performance.

Wright and Wright (2002) conducted an exploratory study to understand the specific hazards and risks associated with the implementation and use of accounting systems. Their analysis revealed shortcomings in the initial design of information systems, inadequate data conversion, and a lack of user training, all of which increased the likelihood of financial statement inaccuracies and business risks. Moreover, they found that an underperforming accounting information system with inaccuracies in financial accounts hindered effective decision-making and negatively impacted firm performance. In summary, the study successfully achieved its third objective by demonstrating a significant and adverse relationship between network risks and SMEs' operational performance, illustrating how network risks can impede the level of operational performance in these businesses.

5.4 Summary of Findings

This study aimed to investigate the interaction between accounting systems and operational performance, focusing on key factors such as system quality, information quality, and network risks. The research findings revealed that the Accounting Information Systems (AIS) employed by SMEs in Uganda's Kawempe division were of high quality. The evaluation considered various AIS attributes, including responsiveness, completeness, accuracy, adaptability, flexibility, reliability, and ease of learning. Notably, the results indicated that AIS consistently delivered timely, accurate, and unambiguous outputs.

Moreover, the study highlighted the active utilization of AIS capabilities by staff members within SMEs. This utilization resulted in up-to-date and accurate data within the accounting systems, contributing to the success of small and medium-sized businesses. The advantages derived from AIS implementation encompassed enhanced decision-making, improved efficiency, cost savings, better inventory management, automated reporting, and the establishment of internal budgetary controls.

However, the research also identified significant challenges faced by AIS, including frequent system failures, unauthorized access by external parties (hackers), and the requirement for a stable internet connection. Frequent system failures, in particular, emerged as a major hindrance, leading to data loss, interrupted transactions, delayed decision-making, and increased costs for repairs and specialized AIS support.

In summary, this study underscores the pivotal role of AIS as a crucial business tool for effective management decision-making and firm control. The findings align with prior empirical research suggesting a positive link between AIS and operational performance. AIS serves as a comprehensive mechanism for managing and coordinating various aspects of a business, ultimately enhancing productivity, efficiency, and overall SME performance. Effective AIS implementation also influences a firm's strategic performance, guided by the planning and management information systems led by the top management team.

CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusion

The purpose of the study was to ascertain how accounting systems relate to SME firm operational performance in the Kawempe division. This goal was accomplished when it was found that there was a positive significant relationship between accounting information systems and firm operational performance. Therefore, when accounting information systems are used properly, there is enough evidence to conclude from this study that SME operational performance will improve significantly. The major objectives were specifically used to derive three specific objectives. Several findings were reached after doing a correlation analysis.

Based on the study's evidence, it can be said that accounting systems are essential for producing high-quality accounting information on time, ensuring that all levels of management have access to sufficient, adequate, relevant information for planning, and improving the control and performance of a company. To assess the firm's previous performance and create future strategies, managers require the financial and accounting data given by AIS.

This study demonstrated a significant correlation between the accounting information system and firm operational performance, demonstrating the benefit of access to accounting data for improved operational performance. Consequently, it is possible to draw the conclusion that accounting systems are related to SMEs' operational performance.

6.2 Recommendations

Small and medium-sized enterprises (SMEs) play a significant role in driving Uganda's economic growth by generating employment opportunities and providing goods and services. However, the extent of their contribution hinges on the effectiveness of their operations. SMEs rely on well-structured accounting information systems, whether manual or automated (e.g., Tally, MYOB, QuickBooks), to manage their most crucial resource: information. These systems oversee daily operations, offering insights into a company's performance and growth prospects.

In the future, prioritizing system security risks related to the chosen AIS is essential. To safeguard accounting data and prevent potential attacks resulting in data loss, accountants and

business owners should implement security measures such as antivirus software, training, and fostering a culture of security.

While the study provided valuable recommendations and strived to collect credible evidence, it's important to consider the following limitations when interpreting its findings. The study faced constraints in terms of a relatively small sample size, primarily due to limited funding and some SME owners' and accountants' reluctance to participate. Therefore, future research should aim to utilize larger samples.

Furthermore, study focused exclusively on SMEs in the Kawempe division of Uganda, omitting SMEs from other regions of the country. Subsequent research endeavours could encompass a broader range of Ugandan SMEs from various locations.

Lastly, the study did not incorporate any moderating or intervening variables to augment its findings. Future studies should consider the inclusion of such variables to assess whether accounting information systems remain robust predictors of SME operational performance.

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APPENDIX

SURVEY QUESTIONNAIRE

Dear respondent, this is an academic study investigating computerized accounting systems and operational performance in Uganda. This study is carried out under supervision of Department of Bachelors of Science in Accounting and Finance, School of Business, Uganda Christian University. The researcher kindly requests you to share your experience and knowledge in this study. The information you share will be treated with utmost confidentiality and only used for this study purposes. You are kindly requested to spare some time and respond to the questions below. Should you require any additional information or wish to receive the findings for the study please contact the researcher on the following address or contacts Tel +**256764315824**

Email: naggittar@gmail.com

SECTION A

DEMOGRAPHIC FEATURES (Please tick the appropriate answer)

a) Gender

1. Female

2. Male

b) How long has this organization existed?

1. 1- 2 Years

2. 3-5 Years

3. 6 – 10 Years

4. 11 – 15 Years

c) Which department are you working in the organization?

1. Finance and Accounting Department
2. Logistic Department
3. Human Resource Department
4. ICT Department
5. Program Department
6. Others

d) In which industry does your business operate in?

1. Manufacturing
2. Service
3. Trade

e) What is the legal status of your company?

1. Private limited company
2. Public limited company
3. Sole proprietorship
4. Partnership
5. Joint venture

f) What is the size of your company?

1. 1-20 employees
2. 21-40 employees
3. 41- 60 employees
4. 61-80 employees
5. 81-100 employees
6. Over 100 employees

SECTION B: SYSTEM QUALITY

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices; Key; SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree; SD=Strongly Disagree

		5	4	3	2	1	
	System quality	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
1	In our enterprise the accounting system has safe data storage and retrieval						
2	In our firm the accounting system allows users to verify before accessing the system						
3	In our firm the accounting system provides ease of use in terms of meeting user requirements						
4	In our firm the accounting system has technical efficiency which reduces programming error						
5	The accounting system in our firm interconnects the reporting activities of						

	different functional areas of our business						
6	In our enterprise there is a separate budget for renewals and maintenance for the accounting system						
7	In our enterprise the accounting system is reliable						
8	In our enterprise the accounting system response time is fast						

SECTION C: INFORMATION QUALITY

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices; Key; SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree; SD=Strongly Disagree

	5	4	3	2	1
INFORMATION QUALITY	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
In our firm the Accounting System produces relevant information for decision making					
In our firm the accounting system is effective enough to produce accurate					

information					
In our firm the accounting system produces complete information for decision making					
In our firm the accounting system protects sensitive information from unauthorized disclosure					
In our firm the accounting system produces information that's is applied consistently from one period to another					
In our firm the accounting system produces timely information for effective decision making					

SECTION D: NETWORK RISK

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices; Key; SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree; SD=Strongly Disagree

		5	4	3	2	1	
	NETWORK RISK ASSESSMENT	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
1	In our firm the accounting system often experience system failure						
2	In our firm the accounting system requires 24/7 internet						
3	In our firm the accounting system experience unauthorized access into the system by employees of the firm						
4	In our firm the accounting system experiences unauthorized access into the system by outsiders (hackers)						
5	In our firm the accounting systems uses the same passwords						
6	In our firm the accounting						

	systems experiences intentional destruction of data by employees of organization						
7	In our firm the accounting system experience interception of data transmission from remote location						
8	In our firm the accounting system always creates fictitious reports						

SECTION E: OPERATIONAL PERFORMANCE

Please respond to the following statements by indicating the extent to which you agree or disagree as per the given choices Key; SA=Strongly Agree; A=Agree; N=Neutral; D=Disagree; SD=Strongly Disagree

		5	4	3	2	1	
	OPERATIONAL PERFORMANCE	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
1	Our enterprise has realized cost saving since it started using an accounting system						
2	Our enterprise is						

	able to generate automated reports since it started using an accounting information system						
3	Our enterprise realizes employee's knowledge and learning experts' skills since it started using an accounting information system						
4	Our firm achieves enhanced efficiency and capability in its operations since it started using an accounting information system						
5	The accounting system helps our firm to improve effectiveness and competitiveness						

6	Our firm achieves internal budgetary control since it started using an accounting information system						
7	Our enterprise has realized effective inventory management which improves customer service since it started using an accounting information system						
8	Our enterprise achieves improvement in decision making since it started using an accounting system						
9							

INTERVIEW GUIDE

1. Please share with me the about the small and medium enterprises that you manage.
Probe Area: The history of the firm, activities conducted, nature of the business, past and present activities and achieved.
2. Please share with me if your firm uses an accounting information system and what makes it very effective.
Probe Area: The use of AIS and how its effectiveness to the enterprise.
3. Please share with me the impact of accounting information systems on your enterprise's operational system.
4. In your opinion is there any link between accounting information system and the operation performance of your enterprise since you have been using some of these information systems.
5. Please let me know the network risks you face while using the accounting information systems in your enterprise.

THANK YOU

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