THE EFFECT OF ACCOUNTING INFORMATION SYSTEMS ON SME OPERATIONAL PROFITABILITY IN KITORO, ENTEBBE MUNICIPALITY

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DECLARATION

I Akullo Jemimah Ruth, hereby declare that this research report is a result of my own independent research. The work presented herein is original and has not been submitted in any form for any degree or diploma at any other university or institution.

Akullo Jemimah Ruth

SIGNATURE .....

DATE.....10/04/2026..

APPROVAL

I the undersigned, guarantee that l have read and approved this research report as a complete and independent piece of work.

Mrs Natuhwera Maureen

Signature.....

Date.....10/04/2026.....

Acknowledgement

I would like to voice my sincere gratitude to my supervisor, Ms Natuhwera Maureen for the guidance, patience and immense knowledge throughout this research process. Her insights were instrumental in shaping the direction of this study.

Special thanks go to the participants of the study who took the time to provide the data that made this research possible.

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List of Acronyms and Abbreviations

AISs Accounting Information Systems

SMEs Small and Medium Sized Enterprises

UAE United Arab Emirates

GDP Gross Domestic Product

UBOS Uganda Bureau of Statistics

FSD Financial Sector Deepening Uganda

ROA Return On Assets

RBV Resource Based View

ABSTRACT

This study examines the effect of Accounting Information Systems on the operational profitability of small and medium sized enterprises within kitoro, Entebbe municipality. The research is guided by four objectives: to identify the effect of AIS on operational profitability of SMEs, to establish the relationship between AIS and operational profitability, to identify the challenges SMEs face in implementing and utilizing AIS and to identify strategies to enhance AIS effectiveness. The study adopted a mixed methods research design. Data was collected from a sample of 40 SMEs in kitoro using questionnaires and interviews. Quantitative details were evaluated using descriptive statistics while qualitative details were examined ideologically to provide contextual depth to the findings.

The results reveal a notable positive effect of AISs on SME operational profitability with major benefaction including bettered accuracy of financial records, quicker transaction processing and improved cost control. The study confirms a powerful positive relationship between the effective use of AISs and elevated operational profitability, signifying that SMEs with strong AISs are in a better position to recognize profitable opportunities and run operational expenses. However, the execution and utilization of AISs are obstructed by multiple challenges including high enactment costs, deficiency of technical expertise, and opposition to change from workforce and information security concerns. To conquer these obstacles, the study pinpoints crucial strategies such as financing staff training, choosing a system and user friendly software, application of strong internal controls and nurturing a culture that embraces technological adaptation.

The study wraps up that AISs are not simply tools for conformity but are strategic assets that directly leverage the operational profitability of SMEs. To enhance this effect, SMEs can forethoughtfully handle enactment challenges through strategic preparation, capacity development and constant system evaluation. The findings present beneficial insights for SME owners, managers and policymakers pursuing to leverage technology for eco friendly business growth and improved financial performance.

CHAPTER ONE
INTRODUCTION

1.0. Introduction

This chapter introduces the topic under study, effect of accounting information systems on SME operational profitability in kitoro (Entebbe) Uganda and also includes the background of the study, problem statement, objectives, research questions, scope, significance, conceptual framework and key definitions of the study.

1.1. Background of the study.

Accounting Information Systems (AIS) have become foundational devices in the hands of business managers, executives, directors, supervisors and officers seeking to maintain superiority in an era of rapid technological innovation (Romney &steinbart, 2018). Globally, AISs signify the meeting point of accounting practices and information technology, designed to collect, store, process and report financial information for decision making purposes (hall, 2016). The evolution of AIS from manual bookkeeping to sophisticated digital platforms has transformed how businesses manage financial information and measure performance (Grande, Estebanez&colomina, 2018) .Recent empirical evidence from emerging economies demonstrates that AIS adoption and digital transformation significantly enhance MSME financial performance highlighting the strategic role of technology integration in sustaining competitive advantage (ovami, Erlina, Erwin &Absah, 2025). The study conducted in north Sumatra utilized structural Equation modeling and validated that AIS adoption has considerable explanatory power for financial performance outcomes while structural capital readiness reinforces the relationship between digital initiatives and financial performance.

In the Middle East, research analyzing computerized transformation among United Arab Emirates (UAE) based SMEs found statistically important relationships between digital accounting utilization and increased profitability, cost effectiveness and accountability (sadri, 2025). This quantitative study of 75 United Arab Emirates SMEs analyzing previous and post digital adoption financial information showed that digital accounting software enhances performance, simplifies procedure and helps in strategic decision making. These findings from 2025 support prior work by

(soudani, 2016) who recognised that AIS implementation positively connects with organizational performance in Middle Eastern environments.

Across Africa, the SME sector composes the backbone of most economies contributing greatly to employment and GDP (Abor & Quartey, 2018). However, the adoption and effective utilization of AIS across the continent remains uneven. In Ghana,(Gyamerah, Addai and Sagoe, 2024) confirmed that both AIS utilization and information quality substantially drive financial achievement among manufacturing SMEs. Their research emphasized that information quality serves as a driving force, enhancing the performance implications of AIS usage and potentially resolving inconsistencies in earlier academic discussion. The study also unveiled that the primary inspiration for AIS utilization among SMEs in developing markets is authenticity enhancing integrity in the eyes of stakeholders rather than gains in efficiency suggesting that institutional pressures shape technology adoption in these atmosphere (Gyamerah, Addai and Sagoe,2024). Uganda like many sub-Saharan African nations has absolutely observed growth in its SME sector over the past two decades. According to the Uganda Bureau of Statistics (UBOS, 2022), SMEs in Uganda account for nearly 90% of the private sector providing about 80% to GDP and employ over 2.5 million people making them crucial drivers of economic growth and poverty decrease. Despite their numerical dominance and economic significance, Ugandan SMEs face persistent challenges related to financial management, record keeping and profitability (kasekende& Opondo, 2019). Uganda is also characterized by a significant informal sector presence. Research by (Nangoli, Turinave, Kituyi and kakeeto, 2018) revealed a disjuncture between formal accounting definitions of profitability typically measured through return on assets (ROA), return on investment (ROI) and return on equity (ROE) and how entrepreneurs in Uganda's informal economy conceptualize and measure business success. This divergence has implications for how AIS should be designed and implemented to effectively serve Ugandan SMEs.

Kitoro, Entebbe municipality presents a unique context for studying the effect of AIS on SME operational profitability. As the location of Uganda's international airport and several diplomatic missions, it has a distinct economic character with SMEs catering to both local residents and the tourism sector (Entebbe municipality council, 2022). Research conducted specifically in entebbe has begun to illuminate the relationship between accounting systems and SME performance. (Mosha,2019) investigated the contribution of accounting records to SME performance in Entebbe municipality finding that most SMEs acknowledge that proper accounting records improve

business performance. The study established that appropriate record keeping protocols help decrease costs and cultivate suitable record management practices. However, the research also revealed that several SMEs struggle with steady and accurate record keeping implying that while awareness exists, execution remains challenging. Further proof by (research, 2022) contrasted automated and non-automated SMEs, discovering that automated systems yield more gains in comparison to manual systems. The study noted that automated systems offer outstanding accuracy due to automated systems offering greater accuracy and automatic preparation of financial reports with material inaccuracies more easily detected and settled. However, the research also identified challenges related with automated systems.

Comprehension of how AISs influence operational profitability specifically in kitoro requires attention to local dynamics. The municipality's remarkable characteristics, its status as an international ticket, the blend of local and internationally accustomed businesses, segmental composition and evolving infrastructure create a distinctive setting that may shape the AISs profitability relationship dissimilarly than in other Ugandan locations. The study attempts to examine these dynamics and contribute to both academic understanding and practical guidance for supporting SME development in kitoro, Entebbe. .

1.2. Statement of the problem.

SMEs are vital to the Ugandan economy accounting for over 90% of all business. However, a significant portion of these particularly those in the informal sector face persistent challenges with poor financial record keeping which hinders their operational profitability and limits their potential for formalization and growth. while the adoption of AIS is widely advocated as a solution, its impact and the barriers to its effective implementation within Uganda's informal economy remain poorly understood.

AISs do not only automate transaction recording and generate timely financial reports but also provide a reliable data trail. This digital data can serve as a reliable source to unlock the formal financing and insurance gap for businesses and individuals enabling them to access credit and grow (FSD report 2013). Despite the clear benefit, SMES in Uganda overwhelming rely on manual, inconsistent and often nonexistent financial records. According to an article from the monitor Newspapers 2025 a key problem is a lack of awareness and prioritization of records management This reliance on manual methods is a major contributor to poor financial management

and a high degree of informality as highlighted in a 2024 report on entrepreneurship in Uganda from the ministry of trade, industry and cooperatives.

A 2025 NTV news report on SME investment deals noted that poor financial reporting is a significant hurdle for investors. In response various government and private sector initiatives have attempted to introduce modern management systems so as to promote electronic record keeping to reduce informalities. However, no research that quantifies the impact of AIS on the operational profitability of SMEs in kitoro has been carried out.

1.3. Purpose of the study.

The purpose of the study will be to examine the effect of AIS on the operational profitability of SMEs in kitoro, Entebbe municipality.

1.4. Specific objectives.

The objectives of the study will be;

- To identify the effect of AIS on operational profitability of SMEs.
- To establish the relationship between AIS and operational profitability.
- To identify the challenges that SMEs face in implementing and utilizing AIS in their day-to-day operations.
- To identify strategies to enhance AIS effectiveness.

1.5. Research questions

What is the effect of Accounting Information Systems on the operational profitability of SMEs?

What is the nature of the relationship between AIS usage and the operational profitability of SMEs?

What are the challenges SMEs face when implementing and utilizing AIS in their daily operations?

What are the strategies to enhance AIS effectiveness?

1 .6. Scope of the study.

This scope is confined to geographical, time and content scope.

1.6.1 Geographical scope.

The study will focus on SMEs within kitoro which is a key commercial and administrative ward within Entebbe Municipality, Wakiso District, Uganda. Kitoro is one of the most lively, intense,

and densely populated commercial centers in Entebbe. It features a varied and representative sample of Small and Medium Enterprises (SMES), including retail shops, service industry and local manufacturing and processing units. This concentration will facilitate data collection and provide a focused view of AIS adoption in a high-activity local market. The study aims to gain insights into the different accounting systems employed by businesses operating in kitoro.

1.6.2. Time scope.

The study Will focus on SMES in kitoro that have been in operation for over 10 years from 201 6 to 2025. It will be conducted from the period September to November 2025. This is because the study aims to measure operational profitability which is best assessed by analyzing financial data and records over time.

1.6.3. Content scope

The study will focus on the effect of accounting information systems and operational profitability of SMEs in kitoro, Entebbe.

1.7. Justification for the study.

SMEs are estimated to contribute a significant portion of the country's GDP for example some sources suggest 20% and others over 70% (OBOS) and are the largest employers i n the private sector, by fostering the growth and sustainability of SMES, the country can achieve its development goals, create jobs and reduce poverty. However, many SMES in Uganda face numerous challenges that hinder their growth including access to finance, inadequate managerial skills and a high degree of informality.

A key factor for business success is effective management which relies on accurate, timely and relevant information. Accounting Information Systems (AIS) are crucial tools for this purpose. They help businesses to improve decision making, enhance operational efficiency and improve financial management.

While the general importance of AIS for business performance is well documented globally, there is a lack of localized and specific research especially in kitoro. Kitoro a growing urban center within Entebbe Municipality has a unique business environment characterized by its own set of socio economic factors, local policies and specific market dynamics. A study in kitoro Will provide insights that are directly relevant to the business community.

Many SMES in Uganda also operate informally and have low levels of technology adoption. This study Will investigate how the implementation of Accounting Information Systems whether manual or computerized specifically impacts the profitability of these businesses.

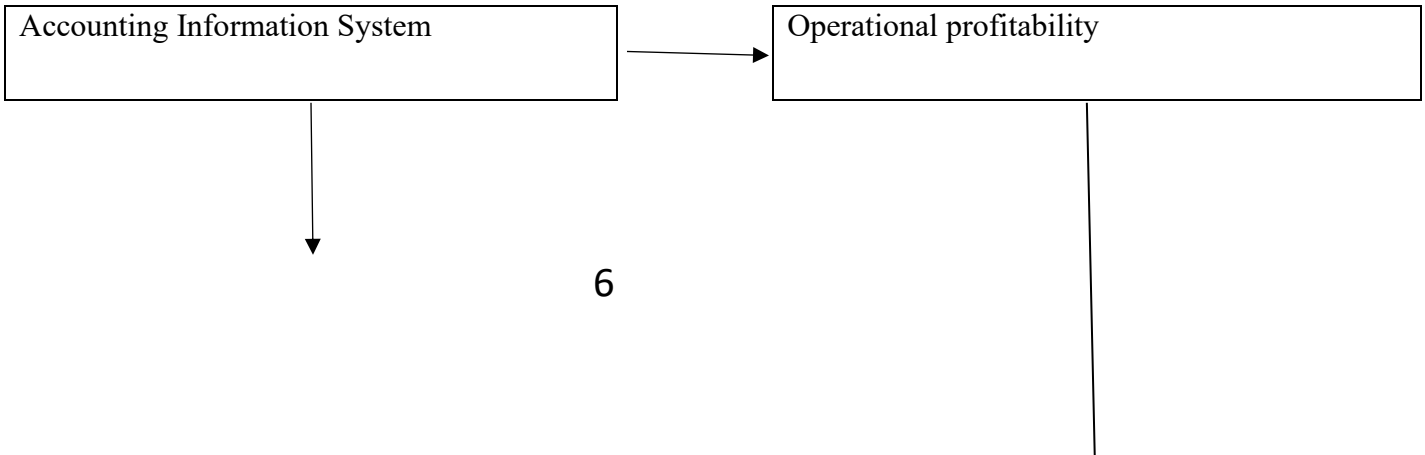
1.8. Significance of the study.

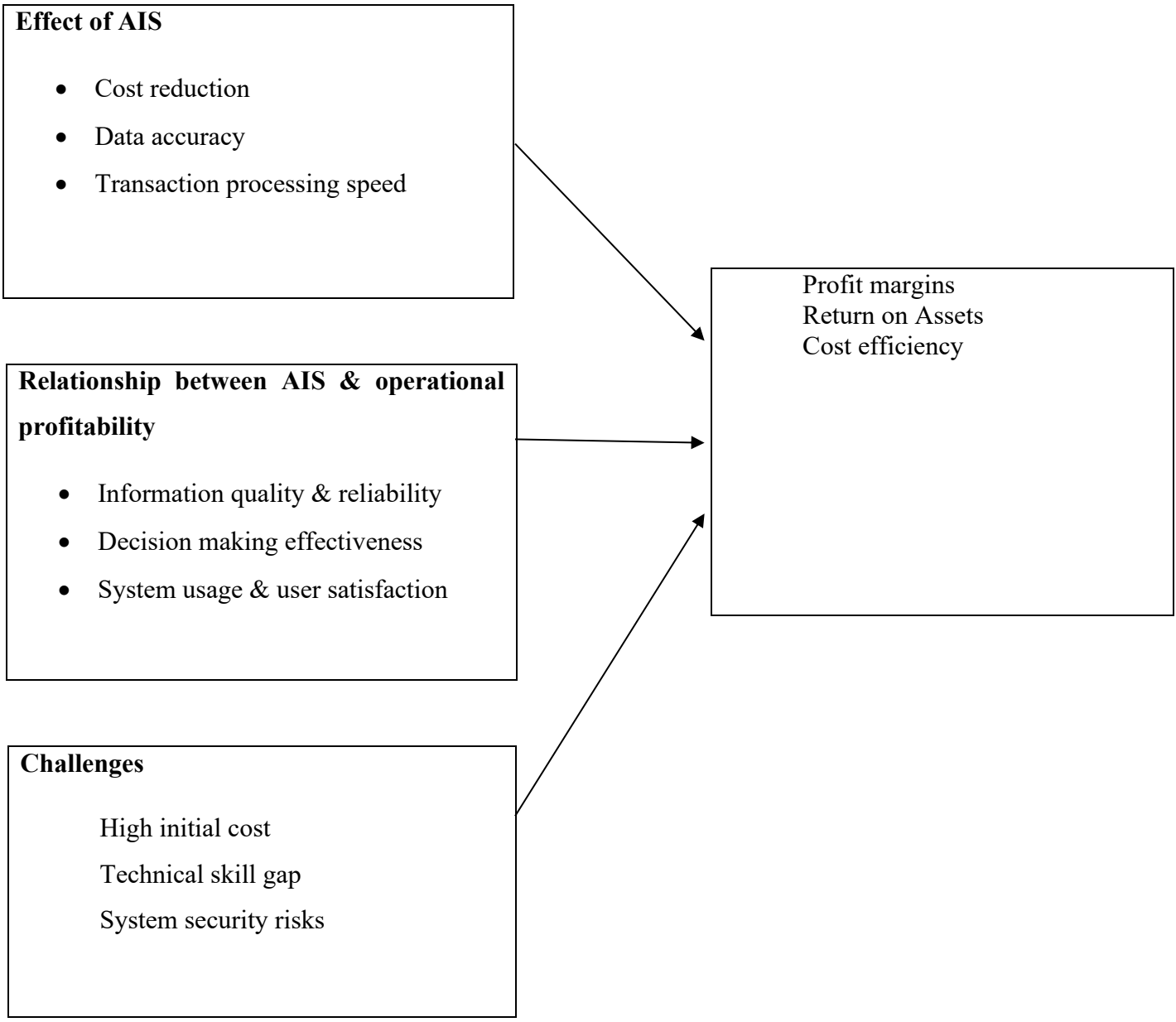
This study is anticipated to provide valuable insights for SME owners and managers. It will help them understand which specific aspects of AIS are most crucial for enhancing their operational profitability. This insight can direct their investment decisions leading to more successful allocation of resources when embracing or elevating AISs.

It is also anticipated to inform policy making by exhibiting the tangible benefits of technology adoption for SMEs. This could lead to the creation of incentives and training programs to encourage the use of AIS among small businesses ultimately boosting economic growth.

1.9. Conceptual framework.

The conceptual framework is designed to highlight the direct impact of each independent variable related to Accounting Information System on the dependent variable, which is the operational profitability in kitoro, Entebbe Municipality. The framework is structured a s seen below.





CHARTER TWO

LITERATURE REVIEW

2.0. Introduction

This chapter presents a review of literature of AIS on operational profitability of SMEs in kitoro, Entebbe in relation to the research objectives. The themes are derived from the research objectives of the study of the impact of AIS on SME operational profitability. The review draws upon a variety of scholarly sources including academic journals, dissertations and research papers to provide a well-rounded perspective.

2.1 Empirical review.

This basically focuses on evidence from primary studies assessing their methodologies, results and conclusions to answer a specific research question. The goal is to provide a comprehensive understanding of the body of evidence on the topic of study.

2.2. Effect of AIS on operational profitability of SMEs.

Accounting Information Systems affect operational profitability through multiple interconnected mechanisms. The systematic literature review conducted in south Africa identified that AIS serves as an instrument for administrators seeking to maintain competitive advantage with implications for operational efficiency and profitability (kasilembo freddy & Msizi vitals, 2024). When SMEs successfully enforce AISs, they obtain qualifications for safeguarding company information registers which in turn sustains more informed operational decision making.

The productivity merits from AISs execution are evident in several ways. Firstly, systematized information processing reduces the time and labor required for routine accounting tasks allowing resources to be diverted toward value adding activities. Secondly, improved accuracy in financial record keeping reduces inaccuracies that can lead to expensive operational interruptions or poor decisions. Thirdly, enhanced timeliness of financial information enables managers to identify and respond to operational issues before they escalate into profitability problems (kwaku kyei, Sylvia Agyeman, Alhassan Abass, 2024)

Empirical studies across diverse contexts have generally supported a positive association between AIS and operational profitability though the magnitude and significance of effects vary. The Kenyan study examining MSMEs in Homa Bay Town provided quantitative evidence of this relationship with regression analysis revealing that record keeping systems had the strongest influence on financial performance followed management systems(Omolo, o.k.o, Nyamita, M. O.& Lucas, S.O,2025). These findings suggest that the components of AIS most directly related

to day to day operational activities record keeping and cash management exert the greatest influence on profitability outcomes.

The Nigerian study on accounting intelligence systems provided additional evidence of profitability effects, finding that both decision support systems and executive support systems and executive support systems significantly influence SME performance (Shehu, T.S, 2025). Decision support systems which provide analytical capabilities for semi structured decisions enable SME managers to evaluate operational alternatives more rigorously, potentially leading to choices that enhance profitability. Executive support systems which aggregate and present key information for strategic decision making were found to have a stronger effect suggesting that improved strategic decisions may have greater profitability implications than operational decisions alone.

2.3. Relationship between AIS and operational profitability

The empirical literature consistently supports a positive relationship between AIS and operational profitability though the strength of this relationship varies across studies. A Ghanaian study discovered that both AIS utilization and information quality considerably drive financial performance with the relationship being statistically strong. A Kenyan study measured the relationship through regression coefficients displaying that AIS components jointly explain an important portion of variance in financial performance (Omolo, O.K.O, Nyamita, M.O &Lucus, S.O, 2025)

An important refinement arising from the literature is that the relationship may not be direct but rather facilitated by mediating variables. The Vietnamese study explicitly tested and verified that AIS effectiveness conciliates the relationship between cloud based AIS usage and organizational performance (Hien, V.V, Afifa, M.A & Saleh, I, 2024). This conciliation implies that adopting AIS does not instantly improve profitability; rather the system must be efficiently implemented and used to generate performance benefits. The effectiveness of the system incorporating factors such as information quality, system quality and user satisfaction determines whether adoption converts into improved profitability.

The moderating role of information quality detected in the Ghanaian study further entangles the relationship (Gyamerah, Addai &Sagoe, 2024). Information quality was found to restrain the AIS utilization financial performance connection, meaning that the durability of the relationship relies

on the quality of information the system generates. When information excellence is high, the positive effect of AISs deployment on performance is amplified. This finding has essential repercussions for both research and practice suggesting that efforts to enhance AISs should concentrate not only on system utilization but also on ensuring that the information generated is accurate, timely and relevant

2.4. Challenges SMEs face in implementing and utilizing AIS

Financial constraints continuously surface as a primary obstacle to AIS adoption and productive utilization among SMEs. A Nigerian narrative review identified high execution costs as a considerable challenge limiting AIS adoption (Sulaiman, U.B, & Usman,A.Y, 2025). For resource confined SMEs, the direct investment necessary for hardware, software and execution services can be extravagant, especially when the merits of adoption are doubtful or may only arise over the long term. The review noted that despite the possibility of AIS to improve financial management and operational efficiency, adoption rates remain shallow partly due to these cost hindrances.

Musana (2022) clearly recommended that managers of SMEs should stimulate training of their workers to provide them with the knowledge of using information systems to expand productivity (Gyamerah, Addai & Sagoe, 2024). This recommendation entails that skills gaps and insufficient training represent significant difficulties to effective AIS utilization among Ugandan SMEs. When employees lack the knowledge and skills required to use AIS effectively, the possibility profitability benefits may be neglected or used in ways that do not maximize operational decision making.

Defined technical proficiency represents another considerable challenge to AIS implementation and utilization. A Kenyan study similarly identified technical skill gaps as a considerable challenge beside resistance to technological change (Tsuma, J.S, 2025). When SME workforce lacks belief in their ability to use AIS effectively, they may oppose adoption or fail to utilize systems to their maximum capacity. This opposition can weaken the potential benefits of AIS and create a self perpetuating cycle where confined skills lead to poor utilization which in turn fails to create the performance enhancement that would defend further investment in skills development.

Organizational culture and obstruction to change present significant challenges to AIS execution. The Asian structured literature review identified that interior components such as organizational culture and management support influence the achievement of AIS adoption (Hidayat, W.N & Yusnaini, 2025). When organizational culture does not value information driven decision making or when employees are comfortable with founded manual processes, implementing AIS may face resistance that limits its effectiveness.

A Ghanaian study's finding that validity rather than efficiency inspires AISs utilization has implications for understanding organizational obstacles (Gyamerah, Addai & Sagoe,2024). If SMEs take up AISs mainly to gratify external stakeholders rather than to improve internal operations, they may be uncommitted to fastening productive use. This legality focused inspiration may result in slight acquisition where systems are in place but not vigorously used for operational decision making, restricting their capability to enhance profitability.

Lack of management support surfaces as a crucial organizational factor. A Jordanian study discovered that owner manager responsibilty substantially influences AISs usage (Lutfi, A, AI-Okaily,M, Alsyouf, Alsaad & Taamneh,2025), meaning that when SME leaders do not focus on AISs or exhibit dedication to its effective use, up take and utilization efforts are likely to stumble. This finding aligns with exhaustive information systems literature stressing the significance of top management support for technology execution success.

External infrastructure limitations pose considerable barriers for SMEs specifically in developing economies. A Nigerian review noted insufficient infrastructure as an obstacle to AISs adoption (Sulaiman & Usman, 2025) while a Kenyan study emphasized that SMEs face challenges related to the broader technological environment in which they function (Tsuman, J.S, 2025). Unreliable electricity, limited internet connectivity and fragile telecommunications infrastructure can all hinder effective AIS use especially for cloud based systems that demand consistent network access.

Administrative environments also affect AISs execution barriers. An Asian review detected exterior components such as government policies and technological infrastructure as impacting AISs acqusition achievement (Hidayat & Yusnaini, 2025). When government policies do not uphold SME digital transformation or when administrative requirements are unclear or frequently

changing, SMEs may hesitate to invest in AISs. On the contrary, supportive policies and programs can simplify acquisition by reducing obstacles and providing guidance.

2.5. Strategies to enhance AIS effectiveness.

Efficient Accounting Information Systems execution commences with careful planning and needs evaluation. SMEs should evaluate their specific requirements and go with systems appropriate to their scale, sector and operational circumstances as literature suggests. The discovery that the effect of AISs differs basing on sector, location and business scale emphasizes the importance of context sensitive approaches (Hidayat, W.N & Yusnaini, 2025). A singular solution is unlikely to yield optimal results to AISs choice rather, SMEs should analyze their distinctive needs and choose systems that are in line with their strategic objectives and operational requirements.

As a means of managing the risks and costs associated with AISs adoption, gradual execution strategies have been proposed. A Kenyan study supported gradual execution approaches specifically for SMEs with limited resources (Tsuma, 2025). Before engaging in further investment, SMEs can spread costs over time, build organizational competences gradually and learn from early experiences by executing AISs little by little perhaps starting with record keeping and cash management modules before expanding to more complex functions.

Verification of record keeping and cash management systems as having the most powerful influence on financial performance provides guidance for classification (Omolo, Nyamita & lucas, 2025). SMEs with limited resources may achieve the greatest immediate benefit by focusing on basic AIS components before investing in more integrated systems. Crucial operational needs and generate the most direct profitability benefits.

Given the significance of technical expertise for effective AIS utilization, strategies for building organizational competences are essential. An Asian review emphasized that human resource training influences the achievement of AIS adoption (Hidayat & Yusnaini,2025), proposing that investment in employee skills development should accompany AIS enactment. Training should expand past basic system operation to incorporate insight on how AIS developed information can inform operational decisions and improve profitability.

The intervening role of AIS effectiveness in the relationship between usage and performance indicates that strategies should concentrate not only on system adoption but on ensuring effective utilization (Hien, Afifa & Saleh, 2024. Building organizational capabilities for effective AIS use embraces not only technical skills but also executive capabilities for clarifying and acting upon system outputs. When managers understand how to leverage AIS information for operational decision making, the profitability gains of the system are more likely to be recognized.

The surfacing of cloud based and AI-enhanced AIS offers new strategic possibilities for SMEs. Internet based systems reduce essential needs and redirect cost structures from capital investment to operating expenses, possibly making advanced AISs capabilities more accessible to smaller enterprises (Hien & Saleh, 2024). SMEs should consider whether internet based solutions address their needs and circumstances, weighing the benefits of reduced upfront costs and automatic updates against potential concerns about information security and ongoing subscription expenses.

The moderating role of information quality in the AIS performance relationship suggests that strategies should emphasize not only system adoption but also continuous improvement in the quality of information AISs produce. This may involve regular information excellence audits, user feedback mechanisms and ongoing refinement of system arrangements and usage practices. By treating information quality as a strategic preference, SMEs can enhance the performance implications of their AIS investments.

Artificial intelligence-enhanced AISs capabilities offer opportunities for improved operational profitability through enhanced decision support and process automation (Supriyati, Darmayadi, Dharmayanti & Bahri, 2025). While these technologies may currently be out of reach for many SMEs, understanding their potential can inform longer term planning and capability development. As artificial intelligence-enhanced systems become more accessible and affordable, early adopters may gain competitive advantages that translate into superior profitability.

CHAPTER THREE
METHODOLOGY

3.0. Introduction.

This chapter incorporates the study methodology and it covers the research design, study population, sample Size, sampling technique, data sources, data collection procedure, validity and reliability.

3.1 Research design.

The study will use an explanatory, cross sectional design to collect data from a sample of SMEs in kitoro, entebbe to examine the relationship between accounting information systems and SME operational profitability. I will use both quantitative and qualitative approaches. Under the quantitative approach, a structured questionnaire Will be administered to randomly selected samples of SME owners, managers or employees. This questionnaire will contain closed ended questions whereas the quantitative approach will be used to provide in-depth context and explanations for the quantitative findings. it Will include open ended questions and verbal interactions to gather information regarding the impact of AIS on SME operational profitability.

3.2. Study area

The study will be conducted in kitoro, Entebbe municipality, central Uganda located on the shores of Lake Victoria approximately 37 kilometers south west of Kampala, the capital city. Kitoro, Entebbe represents an appropriate study area for investigating the effect of accounting information systems on SME operational profitability for several compelling reasons. Entebbe municipality hosts a significant and diverse population of SMEs across multiple sectors. The town's status as a tourist destination, facilitated by the airport and lakeside location has fostered growth in hospitality and tourism related SMEs including hotels, restaurants, tour operators and craft vendors. Additionally, the presence of the airport has stimulated logistics, cargo handling and transport services. The municipality also contains retail shops, professional services firms and small scale manufacturing enterprises. This sectoral diversity enables examination of whether the AIS profitability relationship varies by business type, addressing a gap identified in the literature review (Hidayat & Yusnaini).

3.3. Study population

The study population will focus on registered SMEs operating within kitoro, entebbe that have been operational for at least 10 years to have a history of financial data for analysis. The SMES

should also have some form of accounting information system whether it is manual or computerized.

This will enable the researcher manage the logistics of data collection and achieve a high response rate. will also allow for a more detailed and in-depth analysis of the population and provide a diverse and rich dataset to analyze how varying levels of AIS adoption correlate with operational profitability.

3.4. Sample size.

The sample size for this study is determined using the Krejcie and Morgan (1970) table for sample size determination as cited in Amin (2005). The target population for this study consists of 40 SMEs operating within the study area. From each selected SME, one respondent will be drawn specifically the owner, manager or accountant responsible for financial management and accounting information system utilization. Therefore, the total target population of respondents is 40 individuals.

Table 3.4. study population, sample size and sampling techniques.

Category of respondent	**population**	**Sanple size**	**Sampling technique**
SME owner	12	11	purposive
SME manager	10	9	purposive
Accountants officers	8	7	purposive
Operation managers	6	6	Sample random
Customer relations	4	3	Sample random
total	40	36	

3.5. Sampling technique.

Deliberate sample technique Will be used to collect data from the sample population. This sampling technique involves purposive selection of SMES based on specific, predefined criteria that are directly relevant to the study in order to choose businesses that are most likely to provide valuable insights as well as save time and resources while ensuring that data collected isof high quality and directly addresses the research.

3.6. Data sources.

This study Will rely both on primary and secondary data sources to provide a more comprehensive and reliable dataset allowing for analysis of the topic. The primary data will be collected from the owners and managers of SMEs using questionnaires that will be personally distributed to allow for collection of standardized data from a large number of respondents. The secondary data will base on financial records of the SMES, academic journals to support the primary data.

These sources will enhance reliability of the study through comparing the first-hand information with existing research and trends.

3.7. Data collection methods.

The study will adopt both quantitative and qualitative data collection methods to attain information from SMEs in kitoro, Entebbe.

3.7.1 Quantitative data collection (Questionnaires)

A self-administered structured questionnaire will be distributed to over 30 SME owners, managers and accountants in kitoro. This method is effective for gathering objective data on AIS adoption, operational profitability and perceived impact.

3.7.2. Qualitative Data collection (interviews)

Semi structured interviews will be conducted with purposively selected group of SME owners and managers, this will allow for exploration of complex issues and gain rich content. The interview topics will include challenges and benefits, decision making processes, perceptions and attitudes.

3.8. Data collection procedure.

I will first seek permission from the relevant authorities such as the entebbe Municipal council to conduct the study.

I will personally Visit the selected SMES to administer the questionnaires and schedule one on one interviews with the selected participants.

The respondents will be given a period of 5 days to answer the self-advice questionnaire there after I will personally collect them.

3.9. Validity and Reliability.

3.9.1 validity.

This study validity will be made certain through content validity. Questionnaire items will be developed based on comprehensive review of the literature and adapted from previously validated instruments used in similar studies (musana, 2022, Aate, 2025, Lutfi, 2025). The items will be reviewed by academic supervisors and experts in accounting and SME research to ensure they adequately represent the domains of AIS and operational profitability.

3.10. Reliability.

To test reliability, I will use the test re-test method, the questionnaires will be distributed to 10 SMEs and after 7 days I will collect the questionnaires.

The reliability coefficient will be calculated using SPSS software with a threshold of 0.7 or higher indicating the reliable instrument.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0. Introduction

This chapter presents the presentation, analysis and interpretation of results in accordance with the study objectives.

4.1. Response rate.

The findings of the response rate are presented in the table below.

Questionnaires	Frequency (n)	Percentage (%)
Questionnaires distributed	40	100
Questionnaires returned	36	90
Non response rate	4	10

A total of 40 questionnaires were distributed to the target sample. Of these 36 were completed and returned resulting in a response rate of 90%. This was calculated by dividing the number of completed questionnaires (36) by the total number distributed (40) and multiplying by 100. (Babnie, 2020) considered 50% or higher adequate for most studies.

4.2. Demographic characteristics of respondents.

4.2.1. Gender of respondents.

The study sought to establish the gender distribution of respondents to ensure a balanced perspective on how Accounting Information Systems (AIS) impact the operational profitability of SMEs. The findings are summarized in the table below.

Frequency table showing the gender of respondents.

Gender	Frequency	Percentage (%)
Male	15	42

Female	21	58
Total	36	100

The results show that majority of the respondents were female accounting for 58% (n=21) while males accounted for 42% (n=15). This suggests that the study has a higher representation of female employees in the SMEs in kitoro, Entebbe. The findings show a female headed participant pool, which is important for many reasons within the setting of SME profitability and AIS adoption. (Orser & Riding, 2018) note that while both genders identify the value of information technology, female SME owners often emphasize systems that boost organizational steadiness and risk mitigation. In this study, the high female participation indicates that AIS enactment strategies reviewed are highly appropriate to female entrepreneurs who are progressively utilizing digital tools to overpass the gender digital divide in business management (MDPI, 2022). The supremacy of female respondents matches with global tendency showing that women headed SMEs are crucial drivers of economic growth.

4.2.2. Respondents age group.

An analysis of the age group of respondents was carried out to establish the level of professionalism and expertise within SMEs in kitoro. The results are presented in the table below.

Frequency table showing respondents age group.

Age group	Frequency	Percentage (%)
Below 20 years	0	0
21- 30 years	10	28
31- 40 years	14	39
Over 40 years	12	33

Total	36	100

The discoveries reveal that the biggest portion of respondents falls under 31-40 years, justifying 39% of the sample. This is trailed by those over 40 years at 33% and eventually 21-30 years at 28%. There were no respondents under 20 years of age. Given that 72% of the respondents are over the age of 30 proposes a workforce with substantial professional expertise. In the setting of AISs, aged and more experienced managers often hold the domain knowledge essential to explain complex financial information generated by accounting software to enhance profitability (Smith &Castelo, 2023). The presence of the 21-30 age group is essential for the adoption of modern AISs. In line with (Nguyen, 2022), youthful employees in SMEs act as a motivator for digital transformation, lowering the obstruction to migrating physical ledger maintenance to automatic systems.

4.2.3. Education level of respondents.

Frequency table showing respondents education level.

Level of education	**Frequency**	**Percentage (%)**
Diploma	8	22
Bachelor’s degree	18	50
Master’s	10	28
Total	36	100

Most of the respondents hold a Bachelor's degree accounting for 50% While 28% hold a master’s degree and 22% hold a diploma. jointly, 78% of the respondents hold at least a university degree. The elevated percentage of degree holders indicates that the SME workforce in this study retain the essential human capital to steer complicated AIS software. In line with (AI-Okaily, 2020), the prosperous implementation of AIS is strongly dependent on the educational level of the users as

higher education corresponds with a better comprehension of financial rationale and system outputs.

4.2.4. Work experience.

Frequency table showing the work experience of employees.

Years	Frequency	Percentage (%)
3-5	11	30
6-8	15	42
9 years & above	10	28
Total	36	100

The findings show that the largest group of respondents, 42% have between 6-8 years of work experience. This is followed by 3-5 years of experience at 30% while 28% possess 9 years of professional experience. According to (Afrifa,2023), managers with more years of experience are better equipped to handle working capital and financial reporting which directly correlates with the impact of AIS on operational profitability. Experienced staff are more likely to utilize AIS outputs to identify cost saving opportunities and efficiency gaps.

4.3. Descriptive statistics on the study objectives.

A descriptive analysis was carried out on the study objectives. The results were generated using a 5 Likert scale (SD - strongly disagree, D -disagree, N - neutral, A - agree, SA - strongly agree). The results are in the tables below.

4.3.1. Effect of AIS on operational profitability.

An analysis was carried out to examine the effect of AIS on operational profitability in kitoro, Entebbe. The findings are presented in the table below.

Descriptive statistics

	SD	D	N	A	SA	MEAN	STANDARD DEVIATION
The adoption of AIS has significantly reduced the time required to prepare monthly financial statements.	1	2	4	16	13	4.06	0.95
Automated billing and invoicing through AIS have reduced the number of payment delays from customers	2	4	6	14	10	3.72	1.14
Using AIS has led to noticeable reduction in clerical errors compared to manual bookkeeping	1	1	3	15	16	4.22	0.87
The system provides real time data that helps in identifying and cutting unnecessary operational costs	2	3	5	18	8	3.75	1.02
AIS has improved the accuracy of our inventory tracking, preventing overstocking or stock outs.	1	4	7	12	12	3.83	1.08

Firstly, the perceptions regarding the effect of AIS on SME operational profitability show a mean of 4.06 with a standard deviation of 0.95 which indicates that respondents strongly agree that the AIS has reduced the time required for preparing financial statements. This suggests that automation replaces labor intensive manual entries, allowing for real time accounting. From a profitability standpoint, faster reporting enables SME managers to identify financial trends and respond to losses much quicker than they could with manual systems.

The impact on debt collection and cash flow yielded a mean of 3.72 with a standard deviation of 1.14. While still positive, this is one of the lower mean. The higher standard deviation suggests

that the profitability depends on the customer's ability to pay showing that AIS is a tool not a solution for external credit risks.

Thirdly, reduction in clerical errors received the highest mean of 4.22 with a standard deviation of 0.87. There is a very high level of consensus that AIS minimizes human error. In the context of profitability, this is crucial. Manual errors often lead to overpayment of taxes, lost invoices and incorrect pricing. The low standard deviation shows that error reduction is a universal benefit of AIS.

Operational cost control indicates a mean of 3.75 suggesting that respondents agree AIS helps in identifying and cutting unnecessary costs. AISs provide clarity by tracing expenses in detail; the system highlights areas of waste. This straightaway affects operational profitability by securing the margin between revenue and expenditure.

Precision of inventory tracing reveals a mean of 3.38 with a standard deviation of 1.08. Efficient inventory tracking averts dead capital (money tied up in stock that isn't moving). By improving stock levels through AIS, SMEs can guarantee they have sufficient products to yield sales without overspending on storage, thereby bettering the Return on Assets (ROA).

The overall results show an average mean of 3.92 which falls under agree on the likert scale. This statistically supports the claim that AIS adoption has a positive effect on the operational profitability of SMEs.

4.3.2. Relationship between AIS and operational profitability.

An analysis was carried out to find out the relationship between AIS and operational profitability of SMEs in kitoro, Entebbe. The findings are presented in the table below.

Descriptive statistics.

	SD	D	N	A	SA	MEAN	STANDARD DEVITION
The high quality of information from our AIS directly leads to	1	1	4	16	14	4.14	0.87

more profitable business decisions							
There is a strong connection between our use of AIS reports and our ability to meet annual profit targets	2	3	6	15	10	3.78	1.10
our net profit margin has shown steady growth since the full integration of the AIS	1	2	8	17	8	3.81	0.95
Management relies heavily on AIS data when deciding on new investments	0	3	5	18	10	3.97	0.88
The reliability of AIS financial forecasts helps the business maintain a healthy cash flow	2	4	7	14	9	3.67	1.15

High quality information and profitability decisions achieved the highest mean of 4.14 with a low standard deviation of 0.87. This shows that there is a strong agreement that the quality of information produced By AIS is a primary driver of profitable decision making. This suggests that the relationship is built on the system's ability to reduce uncertainty, allowing managers to make data backed choices that protect the SMEs margins.

The connection between AIS reports and profit targets shows a mean of 3.78 which indicates a general agreement that AIS reports are instrumental in meeting annual goals. This result shows that AIS acts as a performance tracking tool. By offering regular reports, the system allows SMEs to stay positioned with their financial objectives. The higher standard deviation of 1.10 indicates that the level of discipline in using these reports alternates across different businesses.

The growth of the net profit margin since integration shows a mean of 3.81 indicating that respondents view a positive relationship between system integration and profit growth. This entails that the relationship is longitudinal as the AIS becomes more intensely integrated into the business operations, the efficiency benefits translate directly into an improved net profit margin.

Management confidence on AIS for new investments gives a mean score of 3.97 which shows a high degree of dependence on system information for capital allocation. This AIS is seen as a strategic consultative tool. By using AIS information for investment appraisal, SMEs can dodge high risk projects that might drain profitability thus founding a protective relationship between the system and the firm's capital.

Reliability of forecasts for cash flow maintenance received a mean of 3.67 and the highest standard deviation of 1.15. While most accord that AISs aid in cash flow maintenance, the higher variance implies that for some SMEs, external market factors still impact liquidity despite having exceptional systems. However, the favorable mean affirms that AISs based forecasting is usually connected to better cash management.

The average mean of 3.87 shows an intense positive relationship between AISs usage and operational profitability. The outcome reveals that the link is supreme when the system is used for strategic decision making rather than just regular record keeping.

4.3.3. The challenges SMEs face when implementing and using AISs.

The results present the opinions of respondents on the challenges their SMEs face when implementing and utilizing AISs.

Descriptive statistics.

	SD	D	N	A	SA	Mean	Standard deviation
The initial cost of purchasing and installing the AIS was a significant financial burden for the business	0	3	5	16	12	4.03	0.88

Our staff lacks the necessary technical skills to utilize all the advanced features of AIS	1	4	6	18	7	3.72	0.97
We frequently face technical issues that disrupt our accounting processes	2	8	10	12	4	3.22	1.07
There are concerns regarding the security and privacy of financial data stored within the system	1	5	9	15	6	3.56	0.99
The lack of regular software updates and technical support limits the effectiveness of our AIS	2	4	7	17	6	3.58	1.05

Start up costs as a burden with a mean of 4.03 is the top tier challenge. It shows that the straightforward capital necessary for software and hardware is a primary obstacle that likely interrupts full AISs acquisition and forces businesses to accept cheaper, less effective versions.

Technical skill gap (mean = 3.72). Respondents consent that staff competence is a hindrance. The mean proposes that while the system is present, the business may not be harvesting full profitability benefits because workforce battle with advanced features.

Technical disruptions. This recorded the lowest mean of 3.22. While concerns exist, they are not noticed as the ruling challenge compared to cost or skills. The higher standard deviation (1.07) indicates that some SMEs experience many more collisions than others, likely relying on the quality of their explicit software.

Security and privacy with a mean of (3.56). There is reasonable agreement regarding information safety. This indicates that as SMEs move financial records to digital systems, the anxiety of information loss or unapproved access is a fixed concern for owners.

Lack of support and updates (3.58). Respondents accord that a lack of vendor support restricts the systems success. This implies that without uninterrupted maintenance, the AISs may become out of date failing to uphold long term operational profitability.

4.3.4. Strategies to enhance AIS effectiveness.

An evaluation was executed to identify the strategies to enhance AIS effectiveness of SMEs in kitoro, Entebbe. The findings are showed in the table below.

Descriptive statistics.

	SD	D	N	A	SA	MEAN	STANDARD DEVITION
Regular training programs for staff are essential to maximizing the benefits of the AIS	0	1	2	15	18	4.39	0.68
Upgrading to cloud based AIS would improve our operational efficiency and data accessibility	0	2	5	16	13	4.11	0.82
Top management provides enough financial and moral support for AIS maintenance and upgrades	1	2	4	19	10	3.97	0.88
Hiring specialized IT consultants helps in resolving complex AIS related technical challenges.	1	3	8	14	10	3.81	0.99
Integrating AIS with other departments like HR would	0	1	3	17	15	4.28	0.70

further boost our overall profitability.							

Customary training programs for staff attained the highest mean score of 4.39 with a low standard deviation of 0.68. There is consensus among respondents that human capital is the primary operator of AIS success. This recommends that for an SME to narrow the gap between having a system and actually seeing profit, staff must be highly skilled in its advanced features.

Advancing to cloud based AIS gives a mean of 4.11 which reveals mutual understanding among the inspected SMEs. Respondents trust that moving away from localized, manual-heavy systems toward cloud accessibility enhances information handiness and operational speed. This strategy is seen as a way to strengthen real time decision making which is a key element of operational profitability.

Top management financial and moral support generated a mean of 3.97 and standard deviation of 0.88. The findings show that the success of AISs is not just a defect but a leadership one. Management commitment to financing usual updates and supporting the transition to digital accounting is viewed as a fundamental strategy for long term sustainability.

Recruiting specialized IT experts attained a mean of 3.81 which reflects a shared agreement though with a higher standard deviation of 0.99. While SMEs understand the value of expert help in settling complicated technical challenges, the higher variance indicates that smaller firms may find this strategy inaccessible than larger ones. However, it remains an approved method for ensuring system honesty.

Integrating AISs with other departments. This strategy attained a high mean of 4.28. Respondents firmly support that breaking down by connecting the AISs to departments like HR or sales yields an extensive view of the business. This integration is viewed as a crucial strategy to exclude duplicate responsibilities and further increase overall operational profitability.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.0. Introduction.

This finaal chapter gives a thorough outline of the study's findings, drawing insightful conclusions and proposing practical recommendations based on the observed information analyzed in the previous chapter. The essential goal of this research was to analyze the effect of Accounting Information Systems (AISs) on the operational profitability of SMEs in kitoro, Entebbe. Precisely, the study desired to evaluate the effect of AIS on operational profitability of SMEs, relationship between AIS and operational profitability, challenges SMEs face in implementing and utilizing AIS and strategies that enhance AIS effectiveness.

5.1. Discussion

5.1.1. The effect of AIS on operational profitability of SMEs.

The study disclosed that the most considerable effect of AISs is the reduction in simple mistakes in paperwork which earned the highest mean score of 4.22. This coordinates with research by (AI-Okaily,AI-Quudah & Matar, 2020) who disputed that high quality digital accounting information reduces information imbalance and inhibits financial leakages caused by manual entry errors. By guaranteeing data integrity, SMEs can dodge the veiled costs of resolution and tax overcharges directly securing their net profit margins. The study also discovered that AIS significantly decreased the time necessary to prepare financial statements (4.06). This information speed allows managers to determine cost variances in real time. In line with (Teru, Dawuda & Itodo, 2019), the speed of financial reporting in the digital age is a crucial dirver of SME endurance as it enables quick feedback to market changes. This is supplementary backed by the regression result where reporting speed was the strongest indicator of profitability.

Additionally, the results revealed that AISs help in recognizing and cutting unnecessary operational costs (3.75) and bettering inventory tracking (3.83). These results ponder the Resource Based View (RBV) theory which proposes that internal technological capabilities give a competitive advantage by maximizing resource allocation. As stated by (Ganyam and Nurullaeva,

2021), effective AIS fulfillment allows SMEs to carryout learner operations by emphasizing areas of waste that are often unseen in manual ledgers.

5.1.2. The relationship between AIS and operational profitability.

This gave a general mean score of (3.87) suggesting a significant correlation between the variables. This relationship is mostly anchored in the high standard of information created by the system (4.14) the finding that agrees with (AI-Okaily, 2020) who proposes that exceptional information quality decreases managerial uncertainty and serves as a crucial driver for profitable business decisions. The study additionally confirmed that AISs serve as a critical monitoring tool with respondents approving that there is a strong bond between the systematic use of AISs reports and the regular achievement of annual profit targets, an opinion quoted by (Verbeeten & Spekle, 2015) who discovered that advanced accounting tools are absolutely linked with performance when used for decision support. This is confirmed by the observed steady growth in net profit margins following system merging (3.81), implying that the relationship strengthens as the system becomes more rooted in daily operations similar to the longitudinal benefits stated by (Ganyam & Nurullaeva, 2021). Additionally, the high dependence of management on AISs information for assessing new investments (3.97) highlights a strategic bond where the system functions as a risk mitigation tool as (Noreen, 2023) stated, AISs provide the empirical financial prediction necessary to sustain healthy cash flow and long term cash availability, ensuring that capital distribution is backed by precise information rather than intuition.

5.1.3. The challenges faced by SMEs in implementing and utilizing AISs

With outcomes showing a varied range of technical and financial barriers. The most prominent challenge discovered by respondents was the high upfront cost of purchasing and installing the AISs (4.03) which suggests that the capital intensive nature of modern accounting software remains a basic discouragement for smaller firms. This finding is justified by (Lutfi, 2022), who states that the lack of financial resources often forces SMEs to go for poor quality systems that do not meet their full operational needs. In addition, the study uncovered an outstanding technical skill gap among staff (3.72), showing that even when the software exists, lack of workforce expertise stops the business from increasing the systems potential for profitability. This coincides with (Teru, 2019), who mentioned that the digital divide in human capital is a significant blockage for technological acquisition in developing economies. Respondents also uttered issues regarding

information security and privacy (3.56), pondering a growing worry over cyber attacks and information violations as financial records shift to digital platforms. While technical interruptions and system inactivity recorded a lower mean (3.22), the high standard deviation (1.07) recommends that for a subset of SMEs, regular system failures notably interfere with daily accounting processes. lastly the lack of periodic software updates and vendor support (3.58) was recognized as a hurdle, dependable on the findings of (AI-Okaily, 2020) who stressed that without continuous technical maintenance, AISs quickly becomes outdated and fail to provide the immediate insights required for competitive advantage.

5.1.4. Strategies to enhance AIS effectiveness.

The findings showed a strong liking for human centered and technological incorporation strategies, demonstrated by an overall mean score of (4.11). The most highly approved strategy was the fulfillment of regular training programs for staff (4.39) which provides that SMEs find out that the system's ability to drive profitability is basically tied to the technical ability of its users. This finding is in agreement with (Noreen, 2023) who states that continuous professional growth is essential to narrow the digital divide and make sure employees can exploit advanced analytical features of modern accounting software. Likewise, there was a powerful agreement regarding the integration of AISs with other departments such as HR and sales (4.28). This overall strategy is backed by (AI-Okaily, 2020) who cited that breaking down information bottlenecks through system integration improves information clarity and cross functional efficiency.

In addition, respondents recognized upgrading to internet based AISs (4.11) as a key strategy for improving operational effectiveness and information availability. This agrees with the work of (Lutfi, 2022) who states that cloud migration offers SMEs the flexibility and instant information processing capabilities necessary for steady competition in unstable markets. While the provision of financial and moral support from top management (3.97) and the hiring of specialized IT experts (3.81) were also considered as effective strategies, the slightly lower means and higher variances suggest that internal resource constraints may hinder the possibility of these options for some smaller firms. However as challenged by (Teru, 2019), a varied strategy that brings together management commitment with technical expertise is crucial for preserving the long term relationship between AISs use and improved operational profitability.

5.2. Conclusion.

In conclusion, Accounting Information Systems (AISs) administer a considerable positive authority on operational profitability of SMEs. The observable information proves that AISs drive profitability mainly by strengthening information accuracy and reporting speed which allows for timely and informed administrative interventions. In addition, a strong positive relationship occurs between the depth of AISs merging and financial performance signals such as net profit margins and cash flow stability. However, the validation of these benefits is often delayed by high execution costs and deficiency of technical expertise among staff. Therefore, the study concludes that while AISs are influential engines for financial growth, its achievements rely on a flexible approach that joins technological investment with uninterrupted human capital growth and strategic management support.

5.3. Recommendation.

Anchored to the findings and conclusion of this study, the following recommendations are suggested to enhance the effect of AISs on SME operational profitability.

Management ought to shift past early execution and fund ongoing advanced training for accounting staff. Since staff exploitation of advanced components is diminished, targeted workshops on inventory management and automated reporting can make sure SMEs perceive the full value of the software.

SMEs have to narrow the gap between digital monitoring and physical supervision. Since inventory tracking and information backups showed the highest volatility and risk, management ought to carry out strict weekly physical stock accounts to resolve AISs information and acquire automated internet based backup solutions that do not entirely rely on manual intervention.

To settle the challenges of unreliable power and internet connectivity, SMEs ought to consider AISs software that offers “offline mode” capabilities. This allows for constant information entry during power blackouts, with automatic coordination once connectivity is restored, securing operational continuity.

Legislators and SME associations ought to put into consideration providing tax incentives for acquiring of AISs software. Shrinking the initial financial obstacle could allow more small

businesses to upgrade from manual to digital systems, conclusively contributing to more extensive economic goals of SME uniformity and profitability.

5.4. The study limitations.

Whereas this research offers important awareness into the effect of Accounting Information Systems (AISs) on SME profitability in kitoro, Entebbe, many barriers must be recognized:

The study focused on a special group of SMEs in one geographical area, which may hinder the applicability of the findings to SMEs in different regions or larger urban centers.

The research relied on self-disclosed survey information which can be exposed to social desirability bias where respondents might overstate the effectiveness of their systems or the level of management assistance.

The study provides a cross-sectional picture in time however, as (Delone and Mclean,2003) stated, information system success is a process that grows and a longitudinal study might better apprehend long term profitability trends.

5.5. Areas for further research.

To expand the findings of this research, the following areas are recommended for academic inquiry with time to come

Future research should employ qualitative methods such as in-depth interviews or case studies to explore the psychological and organizational barriers that prevent SME staff from fully utilizing AIS modules despite having management support.

Given the infrastructure challenges (power and internet) identified in the study, further research is needed to determine if cloud-based systems offer more resilience or create more barriers compared to traditional on premise software in developing economies.

Research could investigate the adoption of mobile-based accounting applications as a low cost, high-accessibility alternative to traditional AIS for micro and small enterprises to mitigate the initial cost barrier identified

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APPENDIX 1: Questionnaire

Title: Impact of Accounting Information System on SME operational profitability in kitoro Introduction

This questionnaire is designed to collect information on how Accounting Information Systems affect the operational profitability of SMES in kitoro, entebbe Municipality. The data gathered will be used solely for academic purposes and will remain confidential. I kindly request you to provide me with information by answering the questions below.

SECTION A: RESPONDENTS DEMOGRAPHIC INFORMATION

1. Gender of respondents

Male ( )
Female ( )

2. Age bracket.

under 20 years ( )
21-30 years ( )
31-40 years ( )
41-50 years ( )
over 51 years ( )

3. Level of education

high school/ below ( )
Bachelors degree ( )
PhD ( )

SECTION B. Effect of AIS on Operational profitability

	SD	**D**	**N**	**A**	**SA**

The adoption of AIS has significantly reduced the time required to prepare monthly financial statements.					
Automated billing and invoicing through AIS have reduced the number of payment delays from customers					
Using AIS has led to noticeable reduction in clerical errors compared to manual bookkeeping					
The system provides real time data that helps in identifying and cutting unnecessary operational costs					
AIS has improved the accuracy of our inventory tracking, preventing overstocking or stock outs.					

SECTION C. Relationship between AIS and operational profitability.

	SD	**D**	**N**	**A**	**SA**
The high quality of information from our AIS directly leads to more profitable business decisions					
There is a strong connection between our use of AIS reports and our ability to meet annual profit targets					
our net profit margin has shown steady growth since the full integration of the AIS					
Management relies heavily on AIS data when deciding on new investments					
The reliability of AIS financial forecasts helps the business maintain a healthy cash flow					

SECTION D. Challenges faced in utilizing AIS.

	SD	D	N	A	SA
The initial cost of purchasing and installing the AIS was a significant financial burden for the business					
Our staff lacks the necessary technical skills to utilize all the advanced features of AIS					
We frequently face technical issues that disrupt our accounting processes					
There are concerns regarding the security and privacy of financial data stored within the system					
The lack of regular software updates and technical support limits the effectiveness of our AIS					

SECTION E. STRATEGIES THAT ENHANCE AIS EFFECTIVENESS

	SD	D	N	A	SA	MEAN	STANDARD DEVITION
Regular training programs for staff are essential to maximizing the benefits of the AIS							
Upgrading to cloud based AIS would improve our operational efficiency and data accessibility							
Top management provides enough financial and moral							

support for AIS maintenance and upgrades							
Hiring specialized IT consultants helps in resolving complex AIS related technical challenges.							
Integrating AIS with other departments like HR would further boost our overall profitability.							

UGANDA CHRISTIAN UNIVERSITY

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23rd March 2026

Dear Sir/Madam

Re: Introduction of Ms.Akullo Jemimah Ruth, S23B33/005 for Data Collection Permission

I am writing to introduce **Ms.Akullo Jemimah Ruth, S23B33/005**, a student of **Bachelor's Degree in Accounting and Finance** at Uganda Christian University.**Akullo Jemimah Ruth, S23B33/005**, is currently in the advanced stage of her academic journey and is conducting a dissertation on **"THE EFFECT OF ACCOUNTING INFORMATION SYSTEMS ON SME ORPERTATIONAL PROFITABILITY."**

I assure you that **Ms.Akullo Jemimah Ruth, S23B33/005,** will adhere to all ethical guidelines and treat any data collected with the utmost confidentiality. She is a responsible student dedicated to conducting a thorough and rigorous study.

We kindly request your support in granting **Ms.Akullo Jemimah Ruth, S23B33/005** access to relevant data and personnel within any department and as well as any personnel with objective knowledge regarding her topic. Your valuable insights will significantly contribute to the success and quality of her research.

Thank you for considering her request. Should you require any additional information, please do not hesitate to contact me on the address provided here below.

Sincerely,

.....

Mukisa Simon Peter
Lecturer and undergraduate
Research coordinator UCU School of Business
Email smukisa@ucu.ac.ug Mob. 0752938600

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AI detection includes the possibility of false positives. Although some text in this submission is likely AI generated, scores below the 20% threshold are not surfaced because they have a higher likelihood of false positives.

Caution: Review required.

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Disclaimer
Our AI writing assessment is designed to help educators identify text that might be prepared by a generative AI tool. Our AI writing assessment may not always be accurate (i.e., our AI models may produce either false positive results or false negative results), so it should not be used as the sole basis for adverse actions against a student. It takes further scrutiny and human judgment in conjunction with an organization's application of its specific academic policies to determine whether any academic misconduct has occurred.

Frequently Asked Questions

How should I interpret Turnitin's AI writing percentage and false positives?
The percentage shown in the AI writing report is the amount of qualifying text within the submission that Turnitin's AI writing detection model determines was either likely AI-generated text from a large-language model or likely AI-generated text that was likely revised using an AI paraphrase tool or word spinner.

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The AI writing percentage should not be the sole basis to determine whether misconduct has occurred. The reviewer/instructor should use the percentage as a means to start a formative conversation with their student and/or use it to examine the submitted assignment in accordance with their school's policies.

What does 'qualifying text' mean?
Our model only processes qualifying text in the form of long-form writing. Long-form writing means individual sentences contained in paragraphs that make up a longer piece of written work, such as an essay, a dissertation, or an article, etc. Qualifying text that has been determined to be likely AI-generated will be highlighted in cyan in the submission, and likely AI-generated and then likely AI-paraphrased will be highlighted purple.

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Akullo Jemimah Ruth

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