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**THE EFFECT OF ICT ON FINANCIAL PERFORMANCE OF SMALL ENTERPRISES  
A CASE STUDY OF SMALL AND MEDIUM ENTERPRISES IN PALLISA DISTRICT**

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**A RESEARCH REPORT SUBMITTED TO BUSITEMA UNIVERSITY FACULTY OF  
MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR  
THE AWARD OF BACHELORS OF BUSINESS ADMINISTRATION DEGREE**

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## **DECLARATION**

I Akullo Doreen do hereby declare that this research proposal has been my own original work and it has not been submitted to any other University/Institution by anybody else for any other degree award.

Student's Signature: .....

Date: .....

## **APPROVAL**

This research proposal has been submitted for examination with the approval of my supervisor and is for the award of a Bachelor of Business Administration of Busitema University.

Supervisor: Mr. EMOJONG RONALD

Signature: .....

Date: .....

## **DEDICATION**

This research project is dedicated to my loving auntie, Mrs. Auma Vicky, my father, Mr. Okullo George William not forgetting the team that helped me in compiling this work especially Mr. Mandela Salim Buluma

I also dedicate this research to the staff members of Busitema University. On a special note I also dedicate this research to my supervisor, Mr. Emojong Ronald for his endless guidance and my Lastly, to my friends and fellow researchers at Busitema University specifically Bichekwa Ronald, Nabwami Palma, Maina Timothy Omoding without forgetting Mwesigwa Elijah, Muhaire Keren Happuch and Katoko Joan for the corporation and love exhibited. May God reward you accordingly, Amen!

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Thanks also go to my parents who tirelessly worked hard both by their financial support and prayers to ensure that I completed my course.

May God bless you ALL

## **ABSTRACT**

The study was carried out with the purpose of examining the effect of ICT on financial performance of small and medium enterprises in Pallisa district. The objectives for the study was; To determine the effect of systems integration on financial performance, to determine the effect of network capabilities on financial performance and to determine the effect of software application on financial performance. The researcher applied both qualitative and quantitative techniques in designing the research. A total of 30 respondents participated in the study and were selected using random sampling method. The data was collected using questionnaires and interviews and presented using tables, graphs and pie charts for easy analysis.

The research findings revealed that how computerization has improved productivity in the business organization, safe storage of and quick access to business information which in turn quickens service delivery, and reducing the costs of doing business and also improves book keeping and accounting in the business. It was also found out that computerization increases transparency in handling funds in the organization.

The study also highlighted some of the negative and positive effects that have been registered in financial management as a result of using computer technology in business organization which included; high cost of equipping and maintaining computerization, the effect of hackers into the organizations net work causing a business risk, Data loss which is most common with computerization and the threat of ever developing computer viruses.

It was however recommended that the business organization should put more emphasis on ensuring that data security is beefed in order to counter the threat of computer hackers and computer virus that most common with computerization. Also the study recommended training of employees in application of financial software's and efficient use of these new packages in financial function of the business.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

AGP	Accelerated Graphic Port
BIOS	Basic Input and Output System
DBMS	Database Management System
DOC	Document
EEPROM	Alterable Programmable Read Only Memory
EPROM	Erasable Programmable Read Only Memory
GUI	Graphic User Interface
ICT	Information Communication Technology
ISP	Internet Service Provider
LAN	Local Area Network
PAN	Personal Area Network
PC	Personal Computer
UNIVAC	Universal Automatic Computer
USB	Universal Serial Board

## **CHAPTER ONE**

### **1.0 Introduction**

This chapter gives the general introduction to the study. It covers the background to the study, problem statement, purpose and objectives of the study, the research questions, scope of the study, the significance of the study, conceptual framework, assumptions of the study, limitations and definition of key concepts.

### **1.1 Background of the study**

According to Peterson et al, 1996 in relation with financial management, benefits the business world by allowing organization to work more efficiently and maximize productivity, faster communication, electronic storage and electric record are the few popular practices. Since the ubiquity of ICT has increased across the boundaries it has now become an inevitable domain to incorporate ICT in all workstations to tackle all the activities in efficient and effective fashion. Technology is an essential partner in management for business, regardless of the kind of enterprise you operate. Whether you need computers for storage, transfers, retrieval or transmission of information, you can manage your business with greater accuracy and efficiency with the assistance of information technology and computer applications. The benefits of using ICT are tangible and can be measured through the following ways. (Peterson et al, 1996),

Abanis et al, (2015) argues that Financial Management entails planning for the future for a person or a business enterprise to ensure a positive cash flow. It includes the administration and maintenance of financial assets. Besides, financial management mainly deals with proper planning, analyzing of risks and also proper management of firm's financial resources. During the depressions, emphasis shifted to bankruptcy and reorganization, to corporate liquidity, and to the regulation of security markets. Abanis (2015)

The Organization for Economic Corporation and Development (OECD) analysis shows the impacts of ICTs on performance of SME's being positive overall, but that ICTs are not a panacea

in themselves. This showed the positive effects of ICT on their turnover and profitability and to a lesser extent on employment, most notably when ICT is part of larger business strategies of firm. Further work in 13 OECD countries based on large scale statistical surveys provides evidence that the use of ICT can contribute to improved firm performance, in terms of increased market share, expanded product range, customized products and better response to client demand. Moreover, it indicates that ICT may help reduce inefficiency in the use of capital and labor, e.g. by reducing inventories, and that the more customers or firms are connected to the network, the greater the benefits. However, the analysis shows that complementary investments in skills, organizational change and innovation are key to making ICT work, and the use of ICT affects performance SME's primarily when accompanied by other changes and investments and that without these, the economic impact of ICT may be limited.

However in Africa, lower information and communication technology is also a problem in developing countries where SME's have lower ICT adoption rates and different challenges compared to their counterparts in developed countries. The difference between ICT penetrations in developing countries like Kenya and Nigeria and developed countries is substantial, as developed countries like Egypt have significantly higher internet penetration rate of 78.3% compared to 32.4% for developing countries. Likewise the households with computers in developed countries were 75.5% compared to 27.6% of developing countries. Neibel, (2018)

In South Africa, the lack of ICT skills has been cited as an area of concern and remains a key challenge for many SMEs. It has become the 'new currency' for SMEs. Having internal expertise is critical for ensuring business impact of ICT. Across both sectors 75% of the respondents indicated that lack of training among employees was a major concern. From the interviews conducted, it was apparent that most SMEs did not employ qualified technical people. This led to the reliance on external ICT providers who acted invariably as ICT consultants, implementers and trainers for SME owner managers and their staff. Where there was clear evidence of in-house ICT skills, ICT satisfaction was high, as often highlighted in the literature there by making it one of the most developed countries in African in terms of ICT. Ghobakhloo (2016)

In Uganda, the potential contribution of information and communication technologies (ICTs) to the development of small and medium enterprises (SMEs) can only be assessed by first understanding current information practices and needs in such enterprises. We find that informal

businesses have a higher profitability in terms of fixed assets employed than semi-formal ones, which in turn have a higher profitability than formal businesses. The mobile phone has overtaken the computer as a tool in supporting the running of a business in spite of the lack of well-designed phone or SMS based business information systems. We would like to avoid the usual techno-centric approach where technology is given a pedestal and instead leverage the technology in a user-centric manner by first understanding the entrepreneurs behind the SMEs, their information practices, the needs that dictate the way they operate as well as the environments in which they operate. This survey is a first attempt in this direction. Uganda is one of the countries that are adapting to the use of ICT in SME's at a really fast rate.

## **1.2 Statement of the problem**

Computerization of business operations is known to cause positive outcomes in financial management through reducing the time, labor and financial resources required to perform the accounting function. However, Small and Medium Enterprises (SMEs) still face challenges in their operations more so in handling their finances. Therefore, the researcher will establish the real impact of computerization in financial management in Small and Medium Enterprises in Pallisa district. Ghobakhloo (2016).

Several Surveys have been carried out in Uganda and its observed that that Uganda's Small and medium enterprises are continuing to adapt to the use of ICT in management, to a big extent, this has failed and there by registering more negative effects than the positive effects on their growth. This study analyzing and determining the effect of ICT on financial management of SMEs

## **1.3 Purpose of the study**

The purpose of the study is to determine the effect of ICT and financial management of small enterprises in pallisa district.

## **1.4. Specific objectives of the study**

The study will be guided by the following objectives

- To determine the effect of systems integration on financial performance
- To determine the effect of network capabilities on financial performance
- To determine the effect of software application on financial performance

## **1.5 Research questions**

- What is the effect of systems integration on financial performance?
- What is the effect of network capabilities on financial performance?
- What is the effect of software application on financial performance?

## **1.6 Scope of the study**

### **1.6.1 Geographical scope**

The study is being carried out in Pallisa district Limited found in the Eastern region of Uganda. Small and medium enterprises of Pallisa district have been chosen because they have some computerized system in place while Pallisa District is chosen because of proximity to the respondents.

### **1.6.2 Subject scope**

The researcher will examine financial management information systems in small and medium enterprises in Pallisa district and the effectiveness of these systems will also be examined.

### **1.6.3 Time scope**

The study covers financial data from 2017-2020 and the study will be conducted for a period of three months.

## **1.7 Significance of the study**

The study helps the Management of small and medium enterprises in improving the Financial Management Information systems in order to improve efficiency.

The study is useful to students in different institutions who intend to carry out further studies in the related field.

The study is also helpful to financial managers in Small and Medium Enterprises (SMEs) to



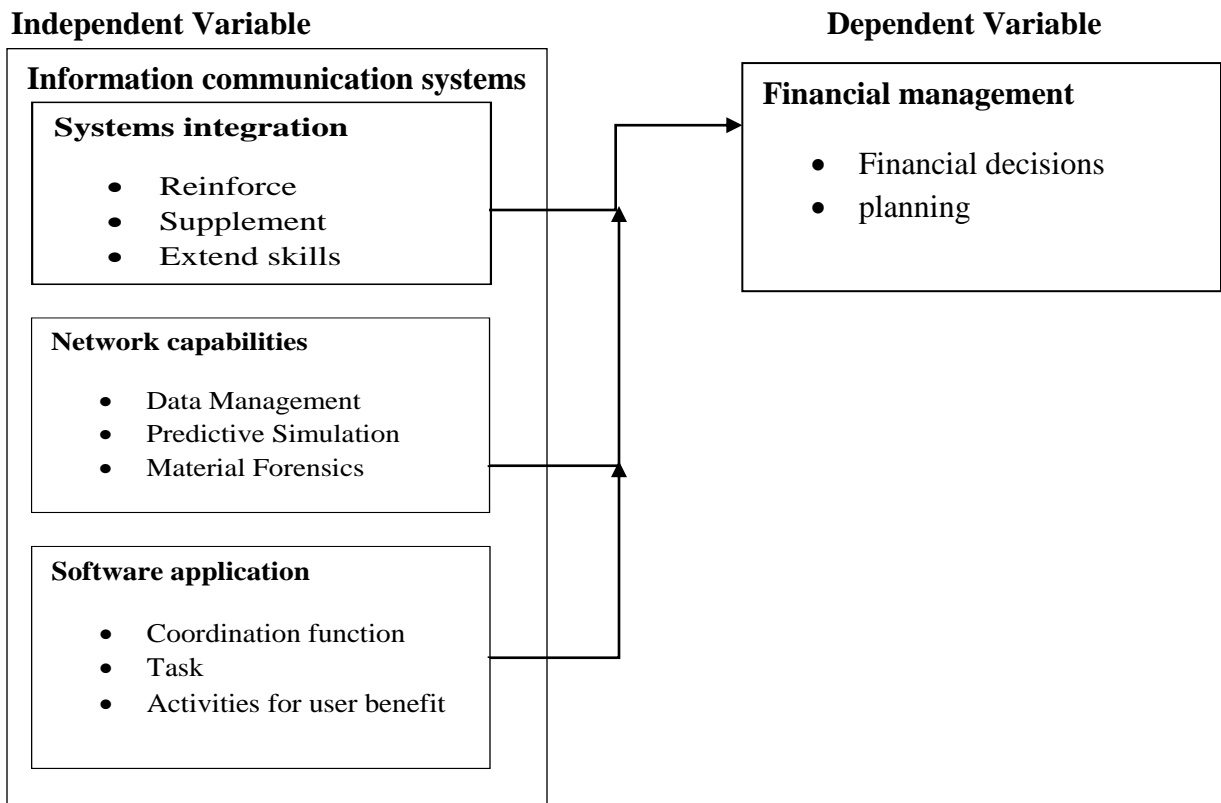
improve on their financial management systems.

To me the researcher, the study will improve on my skills in carrying out other researches in related fields of interest.

### 1.8 Conceptual framework

A conceptual framework as defined by Mugenda (2008) is a concise description of the Phenomenon under study, accompanied by a graphical or visual depiction of the major variables of the study. According to young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable (DV) and independent variables (IVs). In this study the conceptual framework looked at the impact of infrastructure on the financial performance of small and medium enterprises. In this study, infrastructure is the independent variable while financial performance is the dependent variable. Financial performance is measured by profitability, market share and liquidity according to this study.

**Figure 1: Conceptual framework**



**Source: J. Oper Manag (2011) ICT Development in SME's**

The above conceptual frame work explains the relationship between the Independent and Dependent variable whereby the Independent variable (information communication systems) is broken down into three parts respectively: Systems integration which is defined as a process of bringing together the component sub-systems into one system so that the system is able to deliver the overarching functionality and its further broken down into three main functions hence reinforce, supplement and extend skills. Network capabilities which refer to short-term authorizations that a sender obtains from a receiver and stamp on their packets and it was broken down to some advantages hence data management, predictive simulation, and material forensics. Software applications which refers to a program or group of programs that are designed for the end user and they have some functions as given below, coordination function, tasks and activities for user benefit. The Dependent variable (Financial management) is also broken down into three main elements and that's financial decisions, dividend decisions and planning.

**1.9 Assumptions of the study**

The researcher assumes rigidity to information as the respondents may its breach their code of conduct or unethical to reveal such information. Underestimation of the researcher's ability as regards to his current job positions.

**1.10 Definition of Key Concepts**

**1.10.1 Financial performance**

Financial performance refers to how current assets of a firm can be utilized optimunly in the course of normal business activities and raise income for the business. Financial performance is a sign of the financial stability for a given period of time for a firm. Performance also refers to an ongoing process that involves managing the criteria for which an institution, agency or project can be held accountable (Abanis, 2015).

**1.10.2 Small Enterprises**

What constitutes "small" in terms of government support and tax policy varies by country and by industry. In Uganda small enterprises are enterprises employing between 5 to 49 employees and have total assets between 10 million but not exceeding 100 million. These small enterprises are

characterized by lower revenue and profitability, smaller teams of employees, small market area, sole or partnership ownership and limited area of fewer locations etc.

### **1.10.3 Reliability**

This can refer a measure of the degree to which agents yield consistent service suitable to customers. It can be the ability to perform the promised service dependably, reliably and accurately.

### **1.10.4 Customer satisfaction**

This is referred to as a customer's overall assessment of the performance or experience that the company has offered to them through all their services. It is also a person's feeling of pleasure or is appointment resulting from comparing a product's perceived performance in relation to his or her expectations.

## CHAPTER TWO

### LITREATURE REVIEW

#### 2.0 Introduction

This chapter presents Literature review which was undertaken to establish the effect of systems integration on financial performance, to establish the effect of network capabilities on financial performance, to establish the effect of software application on financial performance. It also contains the historical review, theoretical review and a well analyzed summary of this chapter.

#### 2.1 Historical review

ICT must be conceived broadly to encompass the information that businesses create and use, as well as the wide spectrum of increasingly convergent and linked technologies that process that information. Several researchers have put forward existing theories which they identify as providing a theoretical basis for assessing the factors that influence organization's adoption of ICT. These include. Niebel. (2018)

ICT can be viewed as a collective term for a wide range of software, hardware, telecommunications and information management techniques, application and devices, and are used to create, produce, analyze, process, package, distribute, receive, retrieve, store and transform information. Napitupulu et al. (2018)

ICT are actually a wide range of infrastructures, instruments, objects, processes, protocols, meta codes and devices which when combined facilitate the creation, retrieval, storage, processing, analyzing, management and dissemination of information. Zafar and Mustafa (2017)

In today's business environment the effective use of Information Systems and Information Technology can provide firms with the opportunity to take advantage of ICT. Developing intranets and linking into extranets will allow organizations to exploit the business benefits of ICT. This may also allow Organizations to forge strategic alliances with other organizations. Creative use of the internet will also allow Organizations to take advantage of market opportunities. Hassan et al. (2017)

The use of ICT has grown and changes with increasing rapidity. Its adoption can be related to not only multinationals corporations, but also firms. ICT is seen as being critically important to the financial wellbeing of all organizations, and SMEs are able to use it to operate successfully in the global market place. Maguire. (2015)

## **2.2 Theoretical review**

### **2.2.1 The technology acceptance model (TAM)**

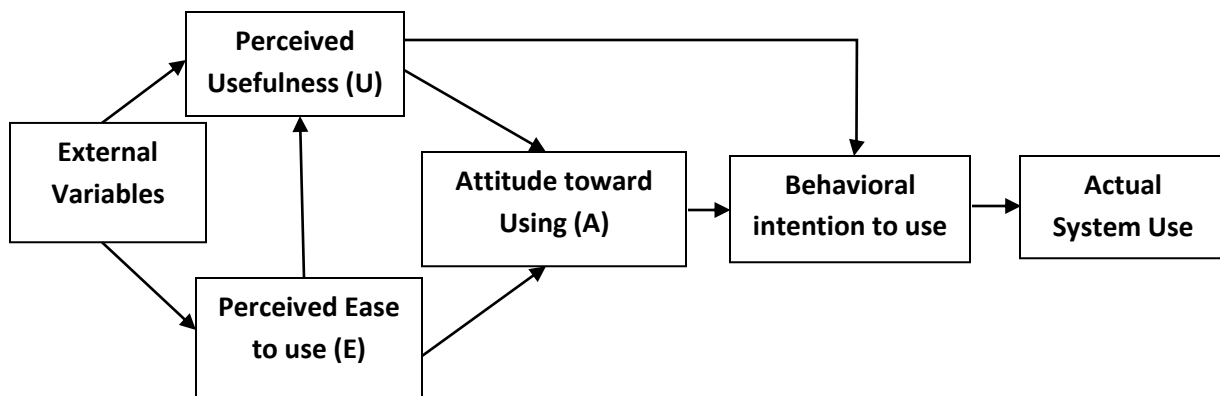
The theory of acceptance model (TAM) is an information systems theory that models how users come to accept and use a technology. The actual system use is the end-point where people use the technology. Behavioral intention is a factor that leads people to use the technology. The behavioral intention (BI) is influenced by the attitude which is the general impression of the technology. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably:

Perceived usefulness (PU) – This was defined by Fred Davis as "the degree to which a person believes that using a particular system would enhance his or her job performance". It means whether or not someone perceives that technology to be useful for what they want to do.

Perceived ease-of-use (PEOU) – Davis defined this as "the degree to which a person believes that using a particular system would be free from effort" (Davis 1989). If the technology is easy to use, then the barriers conquered. If it's not easy to use and the interface is complicated, no one has a positive attitude towards it.

External variables such as social influence are an important factor to determine the attitude. When these things (TAM) are in place, people will have the attitude and intention to use the technology. However, the perception may change depending on age and gender because everyone is different. Venkatesh & Bala (2008)

**Figure 2: Illustration showing application of Technology Acceptancy model (TAM)**



This was at a time when computers were being introduced into the workplace and Davis was looking for a way to predict and explain system use both for vendors and IT managers. TAM states that the success of the new technology adoption is based on positive attitudes towards two measures:

- Perceived usefulness
- Perceived ease of use

#### **2.4 To determine the effect of system integration on financial performance of small enterprises**

In all organizations there is a working environment which consists mainly of people and the artifacts they use. Further, the aim of all organizations is to achieve goals, the most common being profitability and efficiency. In order to achieve these goals organizations use various strategies. However, these strategies affect the organizations working environment and their employees. Further, Information technologies affect the daily work activities of an organization and the way they are carried out. They also affect the employees of the organization and their relationships with each other. In other words, new contacts are created between people and groups, which results in changed status and power in organizations. Axelsson. (2014)

Information technology can be characterized by a fundamental duality, which means it has the power of automating as well as informing. In other words work processes that were carried out with the help of human work force are replaced with technology that performs the same processes with more continuity, and control. At the same time information technology generates

information about the underlying productive and administrative processes. This provides deeper level of transparency to activities that had been partially or completely invisible in an organization. Matheri (2016)

Information is derived from and builds upon automation. It is quite possible to proceed with automation without referencing to how it will contribute to the technologies information potential. When this occurs information is considered as an unintended consequence of automation. It is believed that much work can be automated through IT. This in turn leads to less need of human skills to carry out work processes in organizations. In other words, much work can be done with machines/computers and software while decreasing the dependence on human skills. (Judith M, 2002)

The information capacity of the new computer based technologies brings about radical changes as it has the potential to alter the basic character of work. As work is increasing more and more routine tasks are either automated or eliminated the remaining work will to a large degree be conducted onscreen. It will require a fairly advanced ability to think abstractly, understand symbols and work through symbol manipulation. (Groth, 2015)

It's argued that information technology has to be treated in a broader manner which means attention has to be given to both automating and information aspects in order to draw maximum benefits of the technology. When focus is given to automating aspect it will lead to automating of work process while decreasing the dependence on human skills. When focus is given to the information aspect it becomes possible to access, share and coordinate information giving opportunity to use information for a variety of analytical efforts and decision making. David A (2013)

However information communication technology may lead to some negative effects to the firm which may include the following; Dependence on computers sometimes leads to bigger problems. With more software data being housed in the cloud, there are more opportunities for hackers to get your business's financial data and use it. This puts assets at risk and creates potential liability if hackers use employer tax identification to open credit cards and business loans. There is also the risk of someone within the business accessing the information, perhaps

pilfering money from daily deposits and altering the data in the program. Business owners must diligently protect financial information. Judith M. (2002)

When dealing with computers, issues can arise. You may be completing year-end data for your accountant and experience a power outage. Computers might acquire a virus and fail. There is also the potential of users incorrectly performing software tasks that they are not familiar with. If a user tries to do one thing but inadvertently does something else, it might take some work to undo the error. This affects the financial performance of small and medium enterprises it can lead to time wasting where by users doing wrong things or miss using software will later need to be corrected, there by consuming a lot of time. Salomone (2008)

On the other hand, when it comes to security matters, having several programs is better than one integrated system. Once you go through system integration, any hack or fraud could get access to all of your data rather than one part of it. System integration makes your information more vulnerable than it used to due to the channels through which data flows from one program to another. This therefore becomes a negative affect that can greatly affect the entire data management system hence costing the company more resources resulting in low financial performance. Raišienė(2014)

Even though you can save money or finances on system maintenance, this can't stop one from paying more expenses, you still have to pay for each program separately. Sometimes, costs are so high that a business owner may start thinking about custom program development rather than system integration. This can easily lead to collapse or negligence of businesses since most of the profits are spent on paying for separate programs. Pojasek (2016)

When it comes to upgrading the system, your IT team is likely to have a tough time. System Integration doesn't turn several programs into one, it just ties them together. Meanwhile, they still need to be upgraded separately. The process is complex and time-consuming. Therefore, this means that systems integration becomes very complex in upgrading. Wilkinson & Dale (2012)



#### **2.4.2. To determine the effect of networking capabilities on financial performance of small enterprises**

The growth of networks and networking in the past three decades across all business sectors has been unprecedented. Firms in almost every sector are thought to have some experience of networking at either an individual or inter-firm level. Likewise, firms in many industries have entered into a variety of co-operative inter-firm relationships to conduct business. These networks include strategic alliances, partnerships, coalitions, joint ventures, franchises and various forms of network capabilities, both formal and informal. This involves collaboration in areas such as; research and development, production, marketing, training, exporting, financing and knowledge transfer. This leads to an increase in financial performance since it involves team work in carrying out tasks. Araujo(2014)

Networks have emerged as the new response to competition, a way for firms to develop joint solutions to common problems. A key issue for small firms in particular is to ensure that board members have the relevant knowledge and access to critical resources. Armstrong and Clarke (2012) the importance and significance of networks in business is increasing as the nature of competition are changing. New competitive conditions are demanding new strategies. The growth of networks allows firms to combine resources to gain knowledge, achieve economies of scale, acquire technologies and resources and enter markets that would otherwise be beyond their reach. Networks act as a source of competitive advantage, especially for small firms which help overcome the disadvantages of their size, thereby improving financial performance of small and medium enterprises. Machold (2011)

Networks and networking are of particular benefit to small and medium sized enterprises (SMEs), where networks involving organized systems of relationships between small entrepreneurial firms involving advisers, suppliers and customers are particularly valuable to the small business sector. The problems associated with small size can be offset by the supportive environment provided by resilient networks. This enables firms achieve economies of scale, the sharing of information about the latest techniques and technologies might be an interesting mechanism for keeping small firms up to date and competitive, with rationalized and efficient distribution of activities benefiting from economies of scale. Collinson & Shaw. (2010).

Networks present SMEs with a number of options to overcome a range of increasing disadvantages they are experiencing in trying to compete in the ever increasing globalization in the marketplace. SMEs are being driven towards increasingly flexible specialization, honing their efforts on a narrowing field of production and concentrating their actions on their core skills, to remain competitive. The intermediate market delivering goods and services from one industry to another has become a market of the same importance as the final consumer market. The measure of 'value added' in the supply chain, from raw material extraction to final consumption, has been split between larger numbers of enterprises. Ottesen (2014).

Marketing as being integral to the network economy, where marketing will adopt a variety of network forms and the role of marketing within the network environment is changing in profound ways. Marketing is relational and the nature of business to business connections are seen as a critical enterprise for marketer thereby offering opportunities to explore how transactions develop towards long-term relationships, to intricate networks of connections. Olukem (2003)

However it is no exaggeration to say that most of the literature on network capabilities tends to emphasize only the positive effects of networks and networking. However, networks can be described as a 'double edged sword' that can facilitate as well as inhibit the development of firms, therefore some of the limitations are as explained below;

Broad et al. (2009) compared firms in two relatively large networks with a control sample of marketing firms, and found that marketing firms made minimal use of inter-firm relationships. Managers explained the minimal use of relationships in terms of limited time, no perceived need, and fear of losing proprietary information. However, this is the exception rather than the rule, as there are many more examples of where firms in networks have greatly benefited from being engaged in networking activities. Hollensen (2003)

Co-ordination among the functioning of business partners is perhaps, the biggest problem for the management of the organization, in the networking structure. In fact, each partner has his own manner of performing without regard to the nature of functioning of related business partners, in case this co-ordination is not critically considered, this will lead to limitations of networking

capabilities thereby affecting the financial performance of small and medium enterprises. Acquah (2010)

In a networking organization, there is usually lack of close control over manufacturing and marketing operations etc. by the management of hub organization. Hence, there may be poor operational performance in the networking organization, produced by the networking partners. This can lead to poor performance of small and medium enterprises. This leads to low financial performance. Littunen (2010)

The presence of a computer network can enhance productivity like arguably nothing else that has come before it. This design can also be a negative effect if there isn't self-discipline with the personal interactions that happen with this technology. When you switch between tasks, then you can lose up to 40% of your productivity energy instantly. This issue results in a delay of up to 15 minutes before restarting your project. Even something simple, like switching to a different tab on your preferred web browser, is enough to create this problem. You might experience more multitasking benefits, but that benefit is an experience that only 2% of the population gets to enjoy. Philips (2013)

Many of the laws that we have around the world have not yet caught up with what computer networks can provide. If someone makes a false report to the police about a dangerous incident at a person's home, then swatting activities that result in death are not counted as murder. There is need to catch up computer networks and in case this fails, it lead to low financial performance of small and medium enterprises. The presence of this technology makes it easier to embezzle money when you're in a position of trust and know how to cover your digital footprint. Computers allow us to have access to information and provide more communication opportunities. It also gives us these benefits without the same security options that govern our activities outside of the digital world in some critical areas. Peng and Luo (2000)

#### **2.4.3. To determine the effect of software application on financial performance of small enterprises**

Software application on financial performance eliminates many manual components of financial management. Accounting software can provide small business with many efficient ways of

managing daily financial tasks, as well as provide management and ownership with useful reports to help analyze business performance. Without proper consideration, business owners sometimes make costly mistakes by investing in the wrong accounting software, and then they struggle to make the software work or incur even more cost by converting to different software. Kriauciunas(2010)

The first and most important thing business owners should document before choosing accounting software is the scope of the business and what accounting tasks the software should ideally perform. In addition to basic accounting requirements, make a list of other items you want the accounting software to handle, such as payroll, inventory management and cost accounting. Consider the future of the business in your decision as well as current operations. Software that fits perfectly today may not be enough a year from now. Keep business growth and expansion in mind when creating your scope list. Drnevich.(2010)

Once the scope of the business and the purpose of the accounting package has been defines, screening software possibilities becomes an easier task, because you can easily eliminate those that do not cover items on your scope list. For each accounting package that covers your scope, determine which modules are included in the base price and which modules have an additional cost. For example, some software manufacturers charge an additional price for a payroll module. Make a note of the entire cost of each software package so that you can accurately compare the packages. Teece (2015)

If you have a single business location and do not expect that to change, any accounting package that installs on a network server is suitable for your business. But if you have, or intend to have, multiple locations, you need to consider how field employees will access the accounting software, if needed. If you do not have an information technology employee, setting up exchange server logins may be too complicated a process to install or troubleshoot when you have problems. In the case of a small business with multiple locations, or employees that work from home, Internet-based software may be the best choice. Kim(2014)

However, beside all the positive effects, application of software also has some negative effects or challenges and some of these are as explained and given below; Accounting software is still useless if your employees cannot learn to use it. When choosing accounting software, you must

take into account the education level of your employees and the difficulty of the software selections. Some accounting software requires high-level accounting knowledge for setup and use, while other software packages are geared toward business owners and employees who do not have accounting education or experience. Kriauciunas (2010)

Although some small business accounting packages are reasonably priced, the cost of the software is not the only cost of using the software. Accounting software requires minimum standards for computer use in regards to RAM, processor speed and hard drive memory. Making a backup of your accounting data may also require more storage space than an Excel spreadsheet, which is easily copied to a flash drive. Technical support for the software may cost extra, and you can incur annual licensing fees in order to receive upgrades. If you are not skilled in software installation or accounting setup, you may also incur the cost of hiring a consultant to perform those tasks for you. KhodadaHossieni(2016)

Some accounting software packages are designed specifically for non-accountants, but you will still experience a learning curve when converting to any software package. If you have never used accounting software before, learning the accounting terms, layouts and determining a proper setup may be more difficult than the benefits received from utilizing the software. Running your own business already comes with enough stress and aggravation. You should not add the stress of learning accounting software to the mix unless it is absolutely necessary or the gains from utilizing the software outweigh the losses. Wang (2008)

Processing expenses and invoices in accounting software will usually take more time than simply logging the expense on a ledger pad or spreadsheet software and creating handwritten invoices or spreadsheet-based invoices. If using the computer is not a large part of your daily routine, the time required to process basic daily financial data may outweigh any benefit gained from the software. Gartner(2015)

Maintaining application software not only includes performing upgrades to the accounting software package, but also maintaining and upgrading all the necessary equipment to utilize the accounting software as new versions can require upgraded equipment. That equipment often includes your PC or laptop, monitor, printer, Internet connection and modem, backup drive and operating system. If you do not wish to spend the time and money to keep your equipment in

compliance with the accounting software, it is best to stick to spreadsheet or ledger accounting. Dehaes&Grembergen(2009).

## **2.5 Summary of literature**

This chapter looks at the historical review of ICT, theoretical review where it considered Sorter's Theory of Events which was carried out in 1969. It also looked at the effect of systems integration on financial performance of small enterprises whereby Systems integration continues to play an ever-increasing role both in our everyday lives and in organizations, here, information is now critical for the management and growth of business value, it created tremendous change in methods and procedures. There are several effects like on the working environment, fundamental duality, automation, capacity of new computer based technologies and it also puts the entity at a risk. It also looked into the effect of working capabilities on the performance of small enterprises and this contained a lot of positive effects like: growth of networks and networking, networks emerged as a response to competition, they help achieve economies of scale, and helps to overcome increasing disadvantages they are experiencing and it also had some negative effects like limited time.

The effect software application on financial performance of small enterprises where software application has affected the organizations in many aspects for example in finance department, substantially in some cases, the qualitative patterns observed above largely remain unchanged for both groups. In contrast, the likelihood that computers hardly or not at all affect work is estimated at over 60% for workers with less than high school education, computerization brings Transparency, improves customer care and customer services tremendously and reduces substantially scope for corruption, however, it sighted the following challenges faced a result of software application. That is, expensive and needs huge investment in hardware, software and subsequent maintenance, computer crimes are committed widely in small enterprises is no less potentially exposed to this risk, it was also reported that computerization has made it possible to develop, produce and disseminate massive amount of information. The study further gave the following as challenges of software application in accounting; Power failure, computer viruses and hackers are the inherent problems of using Computerized systems and not forgetting concept of GIGO (Garbage in(Input) Garbage out (Output) and Accounting system.

## CHAPTER THREE:

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This section will give the methods and techniques the researcher will apply in conducting and collecting the necessary data for the study. These techniques will include research design, population sample, sampling design, Sampling method, type of data, Data collection methods, Data collection procedure, Data analysis techniques and methods, Instrument pre-testing and Ethical considerations.

#### 3.1 Research design

The researcher applied both Qualitative and Quantitative techniques. Quantitatively, the research established the extent of financial management effectiveness in Fine Sales (U) Limited, while qualitatively; the researcher established the level of computerization of financial information in an organization. Both Qualitative and Quantitative techniques were being applied in establishing the relationship between computerization and Financial Management effectiveness.

#### 3.2 Population of the study

The researcher used employees in accounts and financial departments. Financial data that was prepared manually was checked and compared to that prepared with computerization in financial management. Approximately, financial data for four consecutive years from 20016-2019 was being examined, and the researcher was able to obtain the useful information from this sample. The researcher also obtained information from the financial manager of Fine Sales (U) Limited. Also, the researcher engaged a total of 30 respondents with the knowledge under study.

**Table 1: Showing population sample of the study**

Sample Group	Target Population	Sample size
Accounts department	15	5
Financial department	45	15

Managers	40	10
Total	100	30

### 3.3 Sample design

The researcher will apply simple random sampling method since the sample population is definite. Simple random sampling method will be used in selecting the financial records and the sample population of some of the workers in some of the small and medium enterprises in Pallisa district since the researcher will find it easy to select a representative sample in each financial data that is homogeneous like cash sales data, deposits from customer's data among others. However, where the population sample is much larger, stratified sampling method will be applied. The researchers will also apply judgmental sampling method where necessary in selecting the sample.

### 3.4 Sampling method

The study used simple random sampling and purposive sampling

**Simple random sampling:** Simple random sampling means that every member of the sample is selected from the group of population in such a manner that the probability of being selected for all members in the study group of population is the same (Moore 2008). Simple random sampling will be used for giving everyone chance to be included in the study and reducing biasness.

**Purposive sampling:** Purposive sampling is also known as judgment, selective or subjective sampling. It is a sampling technique in which researcher relies on his/her own judgment when choosing members of population to participate in the study. Purposive sampling is one of the most cost-effective and time-effective sampling methods available (Saunders, 2012). Purposive sampling will be used to save time and to obtain accurate results from specific persons with relevant information about the topic of study.



### **3.5 Type of data**

The researcher will use both primary and secondary sources. Primary data will be collected through questionnaires and interviews while secondary data will be collected from already existing financial data and through interviews. Inquiries will also to be made from the financial manager on the effectiveness of computerization in financial management.

### **3.6 Data collection methods**

The data will be collected using questionnaire method and interviews. The questionnaire will mainly be a closed ended type where the expected response from respondent is presumed to be known and the respondent will just be required to select from the set of answer from the provided alternatives. Open ended questions will be used where the respondents will be required to answers in their own opinions depending on the information required.

The researcher will also use interview method for example in collecting the information related to effectiveness of computerization in financial management. This will help the researcher to obtain firsthand information from the respondent.

### **3.7 Data collection procedure**

The researcher will prepare a proposal for the study to be conducted which will be presented to the supervisor for marking and making required corrections. Upon completing the proposal, the researcher will obtain a recommendation letter from Busitema University faculty of Management Sciences and then present it to some of the small and medium enterprises so as to enable her seek for the required information.

Enough resources will be organized to assist the researcher in collecting the data. The researcher then engages with respondents though questionnaires, interviews and observations from where the data will be obtained and a report compiled.

### **3.8 Data analysis techniques and methods**

**Editing;** The data will be edited to correct errors or mistakes that may be done by the researcher and any necessary changes shall be made there on.

**Coding;** Quantitative data will be coded using tables and percentages while qualitative data will be coded by simply writing an essay using the supportive information available from questionnaires and interviews.

**Classification:** This was done due to the weight or volume of data. Voluminous raw data necessitated classifying into groups according to their attributes. This process helps to make data tabulation simple.

**Tabulation;** The data collected will be presented using tables and graphs for easy interpretation. This improves the analysis of the data obtained.

### **3.9 Instrument pre-testing**

The researcher used a variety of instruments like;

**Self-administered:** The researcher used structured questionnaires in gathering data from the respondents. Close ended questionnaires were designed in such a way to reflect the objectives of the study. The researcher personally distributed questionnaires to valid respondents and collected them after the respondents had filled them.

**Questionnaires:** Questionnaires were used in data gathering because they are structured in a straight forward way and the information obtained from them is easily computed. Using questionnaires give respondents convenient time to fill them without any pressure. Oppenheim (2014).

### **3.10 Ethical considerations**

Ethical considerations were catered for by first seeking authorization from the top management of Small and medium enterprises in Pallisa district through the introductory letter from the University. Questionnaires were structured in such a way that they did not require the respondents to mention their names. A statement as to the strict confidentiality with which data would be held was clearly stated in the questionnaire. Participation in the study was voluntary. The researcher also briefed the respondents as to the purpose of the study, their relevance in the research process, and expectations from them.

## CHAPTER FOUR

### DATA ANALYSIS AND PRESENTATION OF FINDINGS

#### 4.0 Introduction

This chapter presents data on the effect of ICT on financial performance of small enterprises in Pallisa district. The data was collected through questionnaires and interviews. The qualitative data was organized in broad themes that answered the research objectives. Quantitative data was organized in frequency counts and converted to percentages for clear presentation.

#### 4.1 Response Rate

All the questionnaires issued in the study (30) were fully filled and collected. This represented a 100% response rate. This was ensured through revisits to respondents and clarification on questions that needed attention. All respondents totally gave feedback and therefore, there was no need to replace questionnaires or re-administered.

#### 4.2 Demographic Information

The preliminary section of this study was done through administering of a questionnaire. The respondents in the study were disaggregated by gender, age bracket, duration in entrepreneurship and academic levels attained.

##### 4.2.1 Gender of Respondents

The gender of respondents was collected so as to weigh if gender balance was considered. Basing on the study, more women were interviewed more than the men. The table below shows the variations as per the questionnaire;

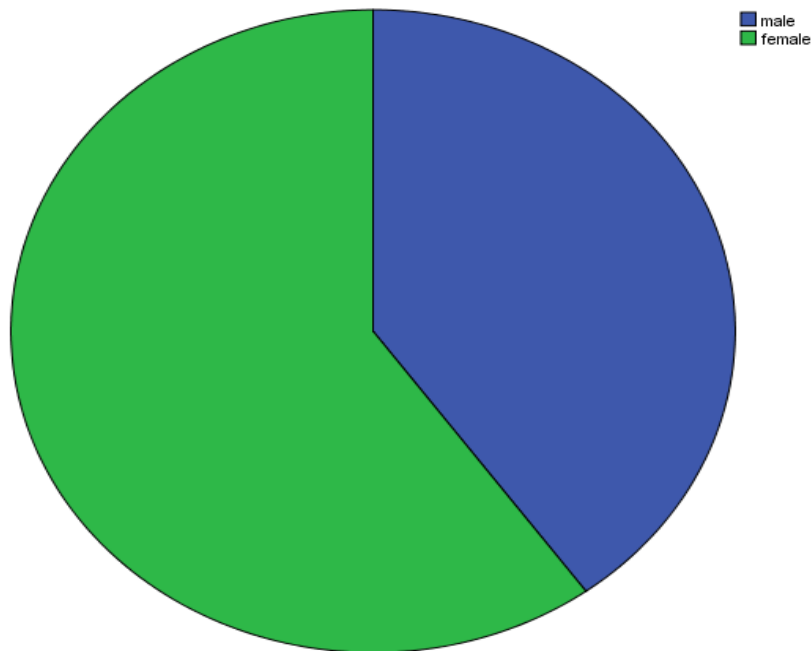
**Table 2: Showing the gender of respondents**

	Frequency	Percent
male	12	40.0
female	18	60.0
Total	30	100.0

**Source: primary data**

From the table above it is clear that 40% of the respondents are males, and 60 % are females. This shows that most of the respondents were women as per the analysis, and the society tends to favor women more in small and medium enterprises.

**Figure 3: A pie chart showing gender of respondents**



#### 4.2.1 Age of the respondents

This section aimed at determining the Age of the respondents who participated in the study. This was used as a measure of their maturity and experience. The findings obtained are as shown by the Table below;

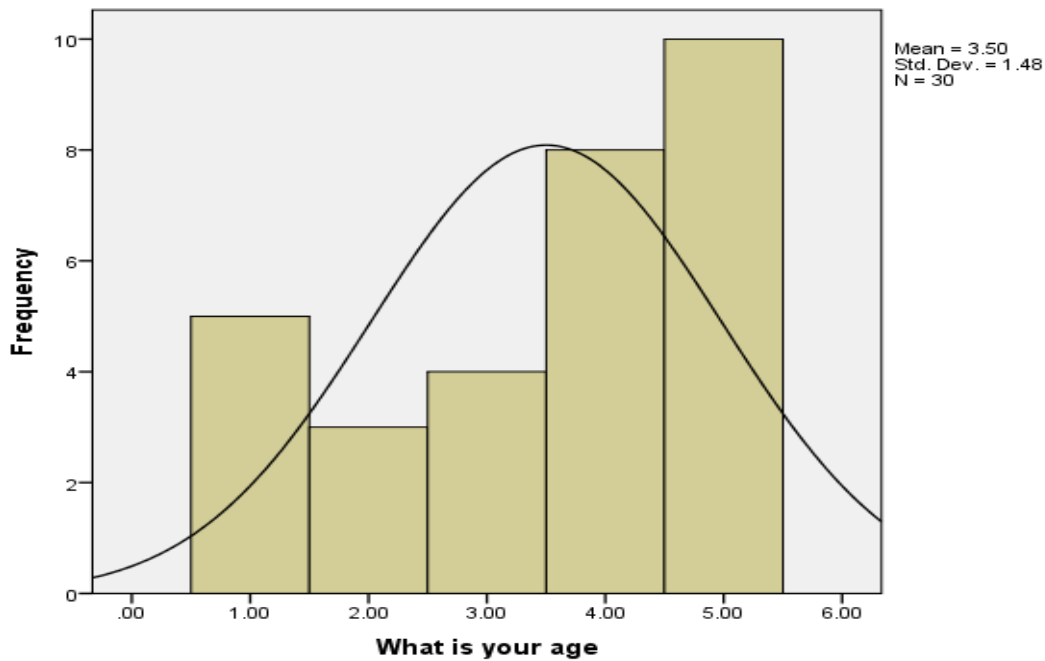
**Table 3: Age of the respondents**

	Frequency	Percent
less than 20 years	5	16.7
21-30 years	3	10.0
31-40 years	4	13.3
41-50 years	8	26.7
51 and above	10	33.3
Total	30	100.0

Source: primary data

As it is shown in the Table above, 16.7% were respondents less than 20 years, 10.0% were respondents between 21-30 years, 13.3% were respondents between 31-40 years, 26.7 % were respondents between 41-50 year while only 33.3% of the respondents were 51 and above. This implies that majority of the respondents were above 51 years and above which means they had enough experience in the field, therefore they were able to provide accurate and reliable information.

**Figure 4: A histogram showing age of the respondents**



#### 4.2.3 Education background

The study sought to identify the education background attained by the entrepreneurs in order to test association with size of the enterprise. This can be seen in the following table.

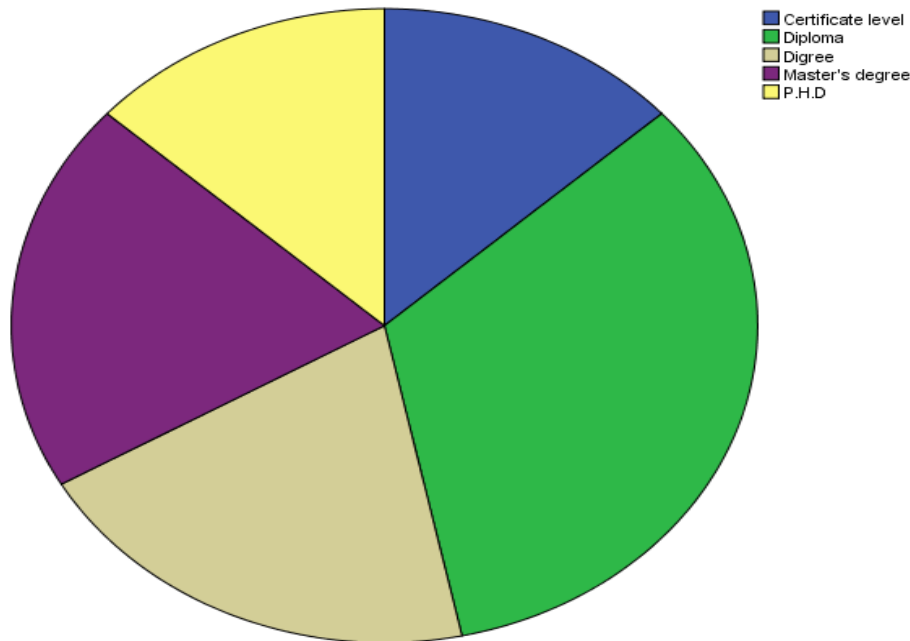
**Table 4: Showing education background**

	Frequency	Percentage
Certificate level	4	13.3
Diploma	10	33.3
Degree	6	20.0
Master's degree	6	20.0
P.H.D	4	13.3
Total	30	100.0

**Source: primary data**

As shown in the above table, 13.3% of the respondents were certificate holders, 33.3% were diploma holders and these were the highest population of the respondents, 20.0% had reached up to degree level, 20.0% had master's degree while 13.3% had P.H.Ds. This shows that the respondents were well educated and qualified for their respective positions held in the enterprises hence giving accurate information.

**Figure 5: Pie chart showing education background**



**4.3. The effect of system integration on financial performance of small and medium enterprises**

The effect of system integration on financial performance of small and medium enterprises finds out how the existing system integration solution has affected the small and medium enterprises. Due to the use of the system integration technologies the small and medium enterprises' work processes and employees have been affected both positively and negatively but mostly in positive ways. This can be evidenced in the table below.

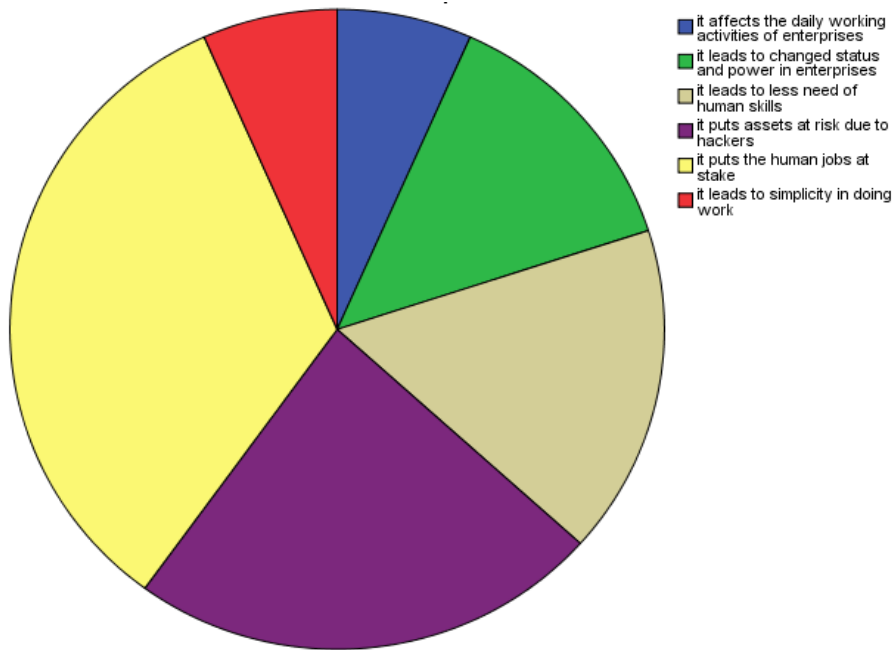
**Table 5: Showing the effect of system integration on financial performance of small and medium enterprises**

	Frequency	Percent
it affects the daily working activities of enterprises	2	6.7
it leads to changed status and power in enterprises	4	13.3
it leads to less need of human skills	5	16.7
it puts assets at risk due to hackers	7	23.3
it puts the human jobs at stake	10	33.3
it leads to simplicity in doing work	2	6.7
Total	30	100.0

**Source: primary data**

In table above, it is observed that systems integration affects financial performance in several ways and these are broken down in the following ways, it affects the daily working activities of enterprises with 6.7% response, it leads to changed status and power in enterprises with a response of 13.3%, it leads to less need of human skills with a response of 16.7%, it puts assets at risk due to hackers with 23.3% response, it puts the human jobs at stake with 33.3% response there by being the effect with the highest response and it leads to simplicity in doing work having a response of 6.7%.

**Figure 6: A pie chat showing The effect of system integration on financial performance of small and medium enterprises**



**Table 6: Showing ways how your organisation applied the computerised system in financial management**

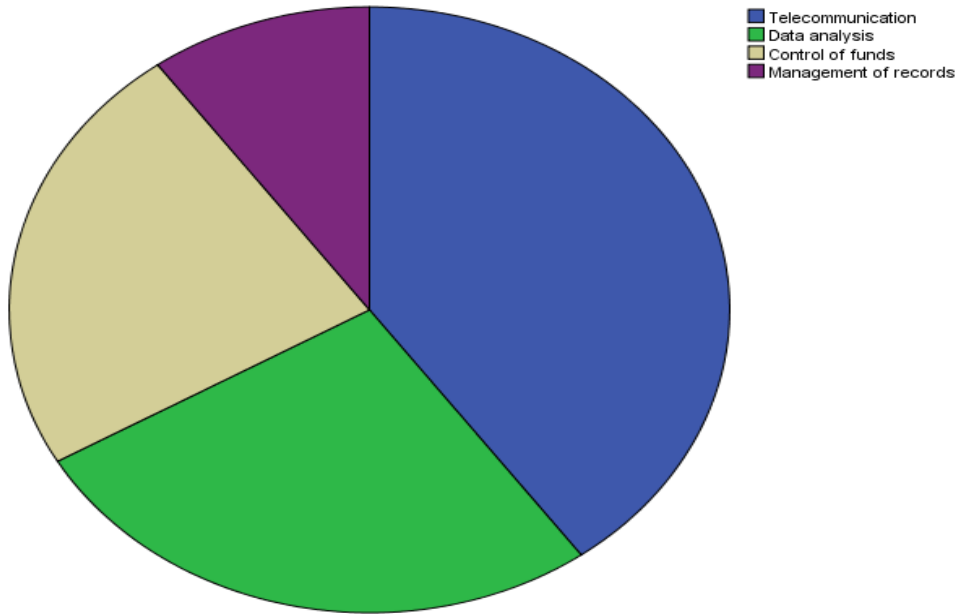
	Frequency	Percent
Telecommunication	12	40.0
Data analysis	8	26.7
Control of funds	7	23.3
Management of records	3	10.0
Total	30	100.0

**Source: primary data**

The table above shows the ways through which organizations have applied the computerized system in financial management and these are broken down according to the collected data as given above whereby telecommunication got a response of 40.0%, data analysis got a response of 26.7%, control of funds got a response of 23.3% and then management of records got a response of 10.0%. according to the above, it's clear that computerization is mainly applied in telecommunication.



**Figure 7: A pie chart showing ways how your organisation applied the computerised system in financial management**



**Table 7: Showing ways how computerization improved productivity in your business organization**

	Frequency	Percentage
Reduced the costs of doing business operations	10	33.3
Promoted innovations in business	3	10.0
Quickened service delivery	8	26.7
Improved storage of and access to information	9	30.0
Total	30	100.0

**Source: Primary data**

The table above clearly shows how computerization improved productivity in your business organization and these are broken down in such a way that reduced costs of doing business operations got a response of 33.3%, there by having the highest response, promoted innovations in business, with a response of 10.0%, quickened service delivery, with a response of 26.7% as well as improved storage of and access to information, with a response of 30.0%.

#### 4.4 The effects of working capabilities on financial performance of small enterprises

It is understood that there are factors that greatly influence small and medium enterprises performance in Pallisa district. These include marketing, customer relationship management, product pricing, strategic product positioning. Networking could be the reason for small and medium enterprises in improving firm performance as it is through Networking they will be able to attract more business, strategically position their services and price competitively without undercutting or engaging in shoddy works and maintain, provide and grow customer friendly audit related solutions.

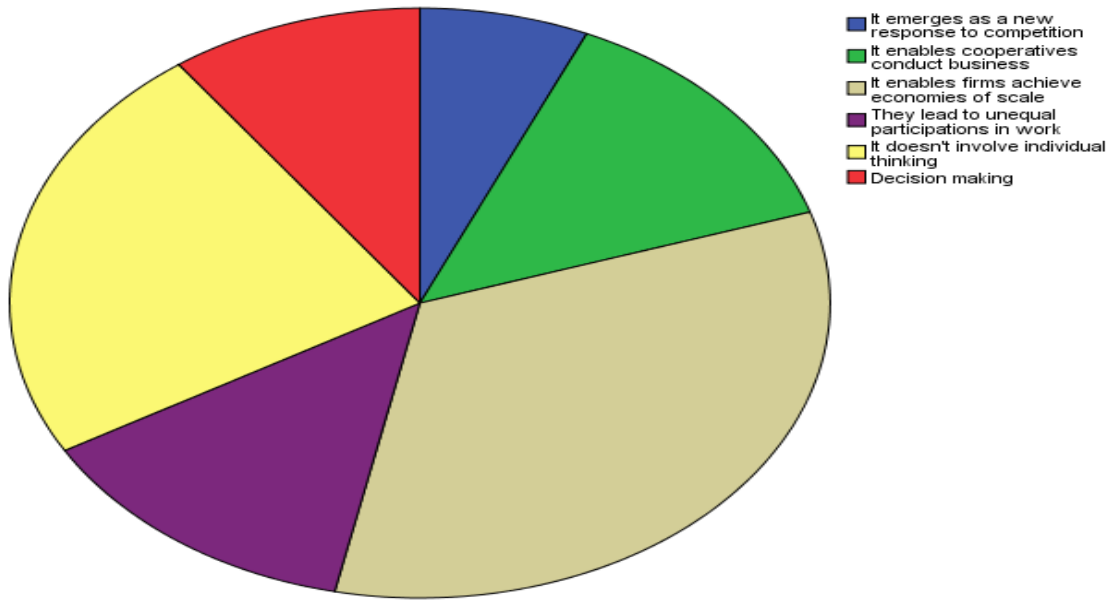
**Table 8: Showing the effects of working capabilities on financial performance of small enterprises**

	Frequency	Percentage
It emerges as a new response to competition	2	6.7
It enables cooperatives conduct business	4	13.3
It enables firms achieve economies of scale	10	33.3
They lead to unequal participations in work	4	13.3
It doesn't involve individual thinking	7	23.3
Decision making	3	10.0
Total	30	100.0

**Source: primary data**

The table above shows the obtaining on the effects of working capabilities on financial performance of small enterprises. It was observed that different effects obtained different percentages as follows: it emerges as a new response to competition which got a response of 6.7%, it enables cooperatives conduct business, obtained a response of 13.3%, it enables firms achieve economies of scale, with a response of 33.3%,there by being with the highest response, they lead to unequal participations in work, with a response of 13.3%, it doesn't involve individual thinking, with a percentage of 23.3% and decision making a response of 10.0%.

**Figure 8: A pie chart showing the effects of working capabilities on financial performance of small enterprises**



**Table 9: Showing working capability benefits which attribute to computerization in your business**

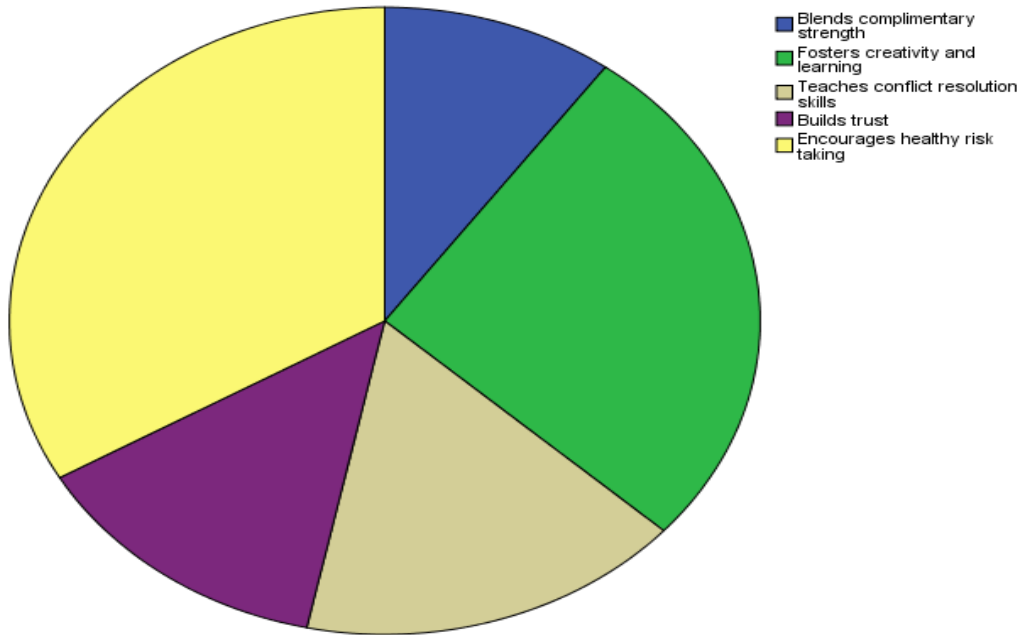
	Frequency	Percentage
Blends complimentary strength	3	10.0
Fosters creativity and learning	8	26.7
Teaches conflict resolution skills	5	16.7
Builds trust	4	13.3
Encourages healthy risk taking	10	33.3
Total	30	100.0

**Source: primary data**

The above table shows which working capability benefits one attributes to computerization business whereby, blends complimentary strength had a response of 10.0%, fosters creativity and learning had a response of 26.7%, teaches conflict resolution with 16.7% respondents, builds

trust, which had a response of 13.3% and then encourages healthy risk taking which had a response of 33.3%, thereby being the benefit with the highest response.

**Figure 9: A pie chart showing working capability benefits which attribute to computerization in your business**



**Table 10: Showing the basic networking capability challenges faced by your enterprise**

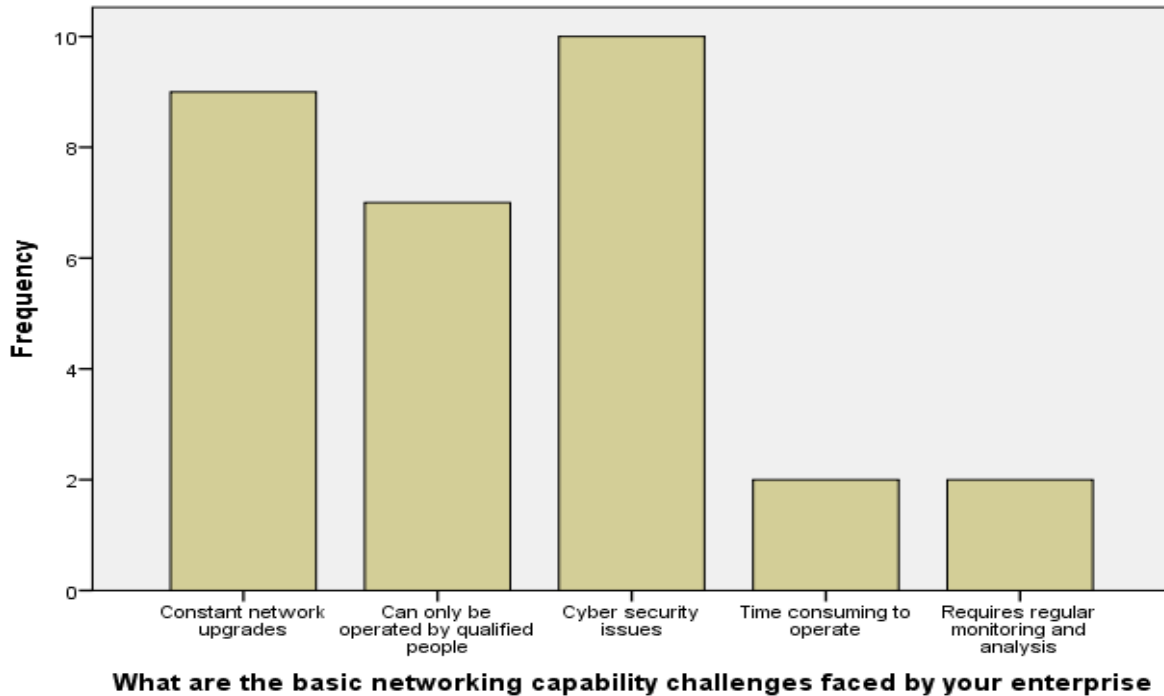
	Frequency	Percentage
Constant network upgrades	9	30.0
Can only be operated by qualified people	7	23.3
Cyber security issues	10	33.3
Time consuming to operate	2	6.7
Requires regular monitoring and analysis	2	6.7
Total	30	100.0

**Source: primary data**

The above table shows the basic networking capability challenges faced by your enterprise and these are analysed in such a way that: constant network upgrades got a response of 30.0% thereby being the challenge with the highest response, can only be operated by qualified people, got a response of 23.3%, cyber security issues, got a response of 33.3%, time consuming to

operate, got a response of 6.7% while requires regular monitoring and analysis, obtained a response of 6.7%

**Figure 10: A bar hraph showing the basic networking capability challenges faced by your enterprise**



**4.5 The effect of software application on financial performance of small enterprises**

It is stated that accounting software systems is of great use and has a great value to businesses, organization and the economy. The accurate and reliable information flow is very crucial to the growth of economy and also the small and medium enterprises as well.

**Table 11: showing the effect of system integration on financial performance of small and medium enterprises**

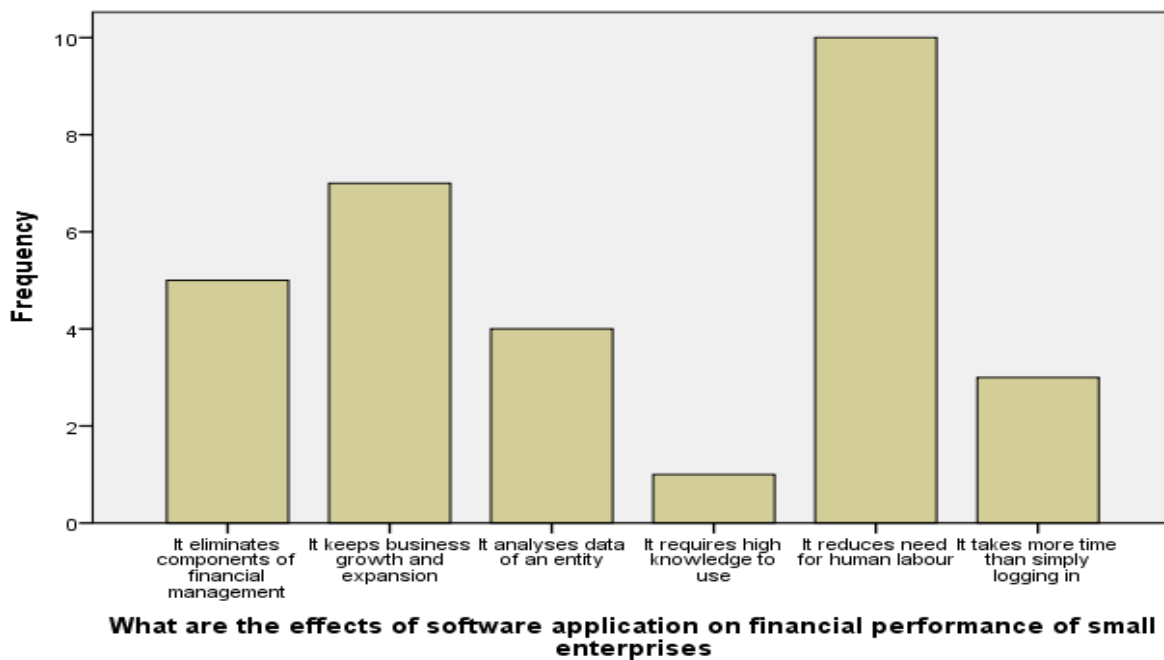
	Frequency	Percentage
It eliminates components of financial management	5	16.7
It keeps business growth and expansion	7	23.3
It analyses data of an entity	4	13.3
It requires high knowledge to use	1	3.3
It reduces need for human labor	10	33.3

It takes more time than simply logging in	3	10.0
Total	30	100.0

**Source: primary data**

According to the above table, it shows how software application affects financial performance of small enterprises, to say: it eliminates components of financial management, with a response of 16.7%, it keeps business growth and expansion, with a response of 23.3%, it analyses data of an entity with a response of 13.3%, It requires high knowledge to use, with a response of 3.3%, It reduces need for human labor, with a response of 33.3% there by attaining the highest percentage of respondents as well as it takes more time than simply logging in, with a response of 10.0%.

**Figure 11: A bar graph showing the effect of system integration on financial performance of small and medium enterprises**



**Table 12: Showing the most common challenges faced in software application in an enterprise**

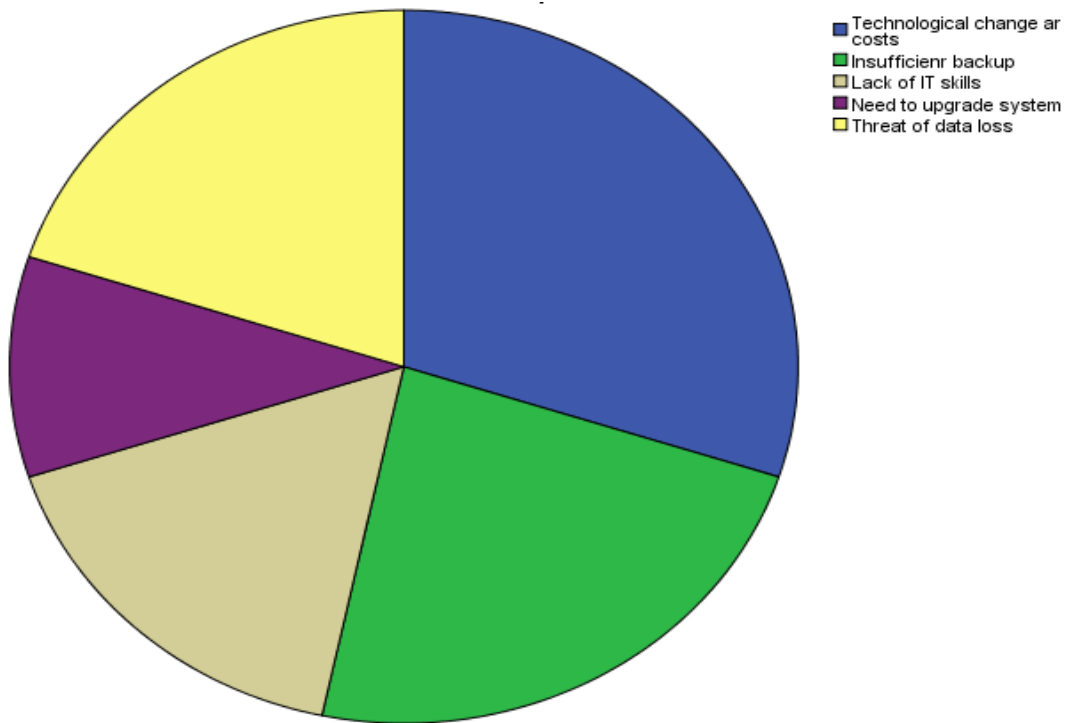
	Frequency	Percent
Technological change and costs	9	30.0
Insufficient backup	7	23.3
Lack of IT skills	5	16.7

Need to upgrade systems	3	10.0
Threat of data loss	6	20.0
Total	30	100.0

**Source: primary data**

The above table shows some of the challenges faced in software application in an enterprise with their percentage response like: technological changes and costs with a response of 30.0%, insufficient backup with a response of 23.3%, lack of IT skill with a response of 16.7%, need to upgrade systems with a response of 10.0% while threat of data loss has a response of 20.0%. This shows that there is a high challenge of technological and costs.

**Figure 12: A pie chart showing the most common challenges faced in software application in an enterprise**



**Table 13: Showing the extent to which software application has caused transparency in handling of organizational funds**

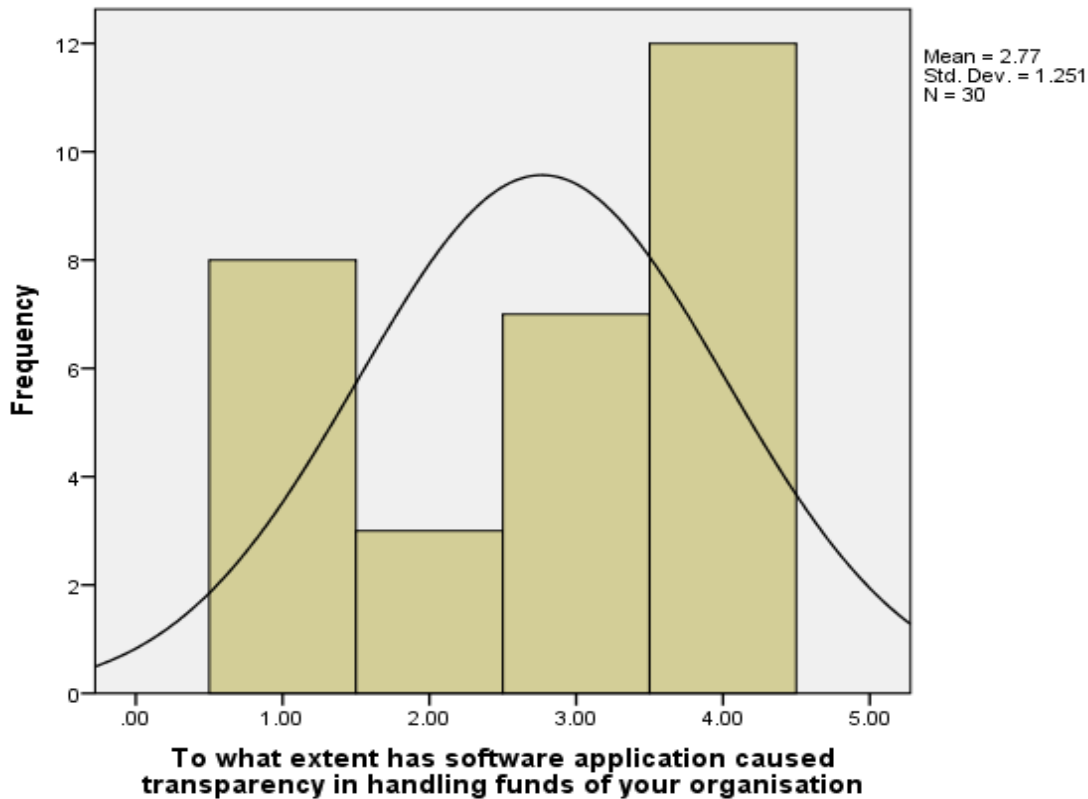
	Frequency	Percent
15% and above	8	26.7
16%-30%	3	10.0
31%-45%	7	23.3

46% and above	12	40.0
Total	30	100.0

**Source: primary data**

The above table shows the extent to which software application has caused transparency in handling funds of an organization and this is clearly stated in the findings as follows, 15% and below with a percentage response of 26.7%, 16%-30% with a percentage response of 10.0%, 31%-45% with a percentage response of 23.3% well as 46% and above with a response of 40%. This means that software application enables proper handling of funds.

**Figure 13: A histogram showing the extent to which software application has cause transparency in handling of organizational funds**





## **CHAPTER FIVE:**

### **INTERPRETATION OF FINDINGS, SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This section presents interpretation of the findings, conclusion and recommendations of the major study findings based on the information from the previous chapters and answering the objectives of the study.

#### **5.1 Interpretation of the findings**

##### **5.1.1 The effect of systems integration on financial performance**

The main aim of the study was to find out how the existing system integration solution has affected the small and medium enterprises' work processes and employees. Due to the use of the system integration technologies the small and medium enterprises' work processes and employees have been affected both positively and negatively but mostly in positive ways. The overall success can depend on many reasons, some of which I think are the intelligence of the system integration technologies as well as the sound knowledge the organization has of its key work processes and employees' needs.

Through system integration the administration work has been automated. In addition there has been a decrease in cash payments and an increase in the use of credit and bank cards and an increase in work related to such transactions. This would have been much more difficult without system integration. Due to system integration there is increased coordination and better channeling of information in the retail stores. This has led to a decreased use of telephones, faxes and emails since most of the needed information can be accessed directly. Axelsson. (2014)

##### **5.1.2 The effect of network capabilities on financial performance**

The study states that there are other factors that greatly influence small and medium enterprises performance in Pallisa district. These include marketing, customer relationship management, product pricing, strategic product positioning. Noting that the law bars audit firms from marketing their services and there is also no law on remuneration order, Networking could be the panacea for small and medium enterprises in improving firm performance as it is through Networking they will be able to attract more business, strategically position their services and

price competitively without undercutting or engaging in shoddy works and maintain, provide and grow customer friendly audit related solutions. Araujo(2014)

The study also concludes that SMEs pursue strategies focusing on the development of valuable network size with external resource holders in order to succeed. This finding contributes a more detailed explanation of the mechanisms through which performance benefits are derived from network establishment by arguing that innovation output should be viewed as a transitional outcome connecting networks as a component of the development of innovation with firm performance. The study also further states that it is significant for small and medium enterprises to consider the complete network platforms for improved business performance and stronger network relationship among small and medium enterprises since strong ties provide trust and relational resource.

### **5.1.3 The effect of software application on financial performance**

The study states that accounting software systems is of great importance and has a great value to businesses, organization and the economy. The accurate and reliable information flow is very crucial to the growth of economy and also the small and medium enterprises as well.

Performance management plays a key role in improving the overall value of an organization. Prior researches have shown that accounting information system adoption does increases firm's performance, profitability, and efficiency operations. This study showed that there is a strong relationship between the characteristic of accounting software and business performance, which means access to accurate accounting information, will lead to organizational effectiveness.

Therefore, it can be concluded that accounting software has an impact on business performance of firms in Malaysia. Teece (2015)

## **5.2 Summary of the findings**

The research summary has been drawn basing on the above three main research objectives and the research findings as presented in the problem statement.

It was also found out that most small and medium enterprises in Pallisa district have adapted to the computerized system in financial management, rather than the manual systems of financial management.

The study also found out that computerization improves storage and access to business information, storage and quick access to business information quickens service delivery, as well as reducing the costs of doing business.

Also to note is that timely access computerization of financial records improves on adequate financial information, improves on quality of financial information and also helps in Swift processing and computation of financial information.

The findings also noted that financial management department contributes to sound decision making in the business undertakings, and also increases transparency in handling funds the organization

The findings also highlighted some of the challenges that have been registered in financial management as a result of using computer technology or software application in the business organization which included; high cost of equipping and maintaining computerization, the effect of hackers into the organizations net work causing a risk to business risk, Data loss which is most common with computerization and the threat of ever developing computer viruses.

### **5.3 CONCLUSION**

As stated by Peterson et al (1996), information processing technology has developed enormously in capacity and therefore computerization of financial function and accounting is no longer restricted to only big organizations can benefit from use of small personal computer. Computerization of financial information has also been supported by Marji and Philip(2005).

As stated above, computerization of financial management function has become crucial to the survival and growth of business due to associated advantages including Transparency, improvement in customer care and customer services, timely access to accounting records, adequate financial information, and assisting in decision making of the business undertakings.

Despite the many advantages, computerization of financial information still various challenges for instance poor planning, shortage of management capacity and resources, limited skilled personnel and lack of high level commitment and high cost of equipping and maintaining computerization. Also to note is that computerization has got other technical challenges including the effect of hackers into the organizations net work causing a risk to business risk,

Data loss which is most common with computerization and the threat of ever developing computer viruses.

## **5.4 Recommendations**

### **5.4.1. Recommendations for further studies**

Based on the above information which was based on the three main objectives, the following recommendations should therefore be made:

More resources should be invested in installing computerized financial systems to help business organizations improve on the effectiveness of the financial data.

Despite the good advantages that are associated with computerization of financial function, more attention needs to be on ensuring that data security is beefed in order to counter the threat of computer hackers and computer virus that most common with computerization.

The business organization should also prioritize training of employees in application of financial software's and efficient use of these new packages in financial function of the business

The cost of maintaining the computers should also be another area of research for the business before implementation is done as it may be too costly with computerization.

## **5.5 Limitations of the study**

The research does not examine how the small and medium enterprises overcome the problems experienced in internationalization through their network relationships.

The study was limited to Small and medium enterprises that were surviving and basing on a low level of ICT to function. Therefore, it can also be assumed that questionnaires are mainly returned by those enterprises already practicing these kinds of practices. Thus the findings might be artificially inflated.

The study collected data from small and medium enterprises only, given that large enterprises work differently, have different ICT practices and use different strategies to increase their financial performance.

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## APPENDICES

### Appendix I: Letter of Introduction



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#### FACULTY OF MANAGEMENT SCIENCES

Date .....

To Whom It May Concern

RE: .....

This is to introduce to you the above student who is under taking his/her research as a partial fulfillment for the award of Bachelor's Degree in Business Administration at Busitema University Faculty of Management Sciences.

Any Assistance rendered to him/her will be highly appreciated.

Yours faithfully,

.....

**Mr. Esuku Joseph**

**H.O.D Economics and Management**



## Appendix II: Questionnaire

BUSITEMA UNIVERSITY

FACULTY OF MANAGEMENT SCIENCES

### PARTICIPANT QUESTIONNAIRE

I am called Akullo Doreen a student of Busitema university currently undertaking a research on a topic **“the effect of ICT on financial performance of small enterprises a case study of small and medium enterprises in Pallisa district”** you are privileged to participate in this research and your selection has been based on random sampling will be grateful if you help me with filling out this questionnaire. please reply as soon as possible. Every response is really important. Feel free as you respond because the information you give will only be used for academic purposes, treated confidential and will be held anonymous before publication.

#### SECTION A: BACKGROUND OF THE RESPONDENT

##### 1. What is your gender?

- a) Male
- b) Female

##### 2. What is your age (in years?)

- Less than 20 years
- 21- 30 years
- 51 and above
- 31- 40 years
- 41-50

##### 3. Highest level of education attained

- Certificate level
- Master’s Degree
- Diploma
- P.H.D
- Other

##### 5. How long have you served in this business?

- Less than a year
- 1-5 years
- 5-9 year
- 10 years and above

**2.3 SECTION B: THE EFFECT OF SYSTEM INTEGRATION ON FINANCIAL PERFORMANCE OF SMALL ENTERPRISES**

**B1) What are the effects of system integration on financial performance of small enterprises?**

- |  |                          |                                       |                          |
|--|--------------------------|---------------------------------------|--------------------------|
| It affects the daily work activities of enterprises. | <input type="checkbox"/> | It puts assets at risk due to hackers | <input type="checkbox"/> |
| It leads to changed status and power in enterprises. | <input type="checkbox"/> | It puts the human jobs at stake       | <input type="checkbox"/> |
| It leads to less need of human skills                | <input type="checkbox"/> | It leads to simplicity in doing work. | <input type="checkbox"/> |

**B.2 In which ways has your organization applied the computerized system in financial management?**

- Telecommunication
- Data analysis
- Control of funds
- Management of records

**B.3 In which way has computerization improved productivity in your business organization?**

- Reduced the costs of doing business operations
- Promoted innovations in the business
- Quickened service delivery
- Improved storage of and access to business information

**2.4 SECTION C: The effect of working capabilities on financial performance of small enterprises**

**C.1 what are the effects of working capabilities on financial performance of small enterprises?**

- |  |                          |   |                          |
|--|--------------------------|---|--------------------------|
| It emerges as a new response to competition. | <input type="checkbox"/> | They lead to unequal participations in work | <input type="checkbox"/> |
| It enables cooperatives conduct business.    | <input type="checkbox"/> | It doesn't involve individual thinking      | <input type="checkbox"/> |
| It enables firms achieve economies of scale. | <input type="checkbox"/> | Decision making takes time                  | <input type="checkbox"/> |

**C.2. Which working capability benefits do you attribute to computerization in your business?**

- Blends complimentary strength
- Fosters creativity and learning
- Teaches conflict resolution skills
- Builds trust
- Encourages healthy risk taking

**C3. What are the basic networking capability challenges faced by your enterprise?**

- Constant network upgrades
- Can only be operated by qualified people
- Cyber security issues
- Time consuming to operate
- Requires regular monitoring and analysis

**2.5 SECTION D: The effect of software application on financial performance of small enterprises**

**D .1 what are the effect of software application on financial performance of small enterprises?**

- |   |                          |   |                          |
|---|--------------------------|---|--------------------------|
| It eliminates components of financial management. | <input type="checkbox"/> | It requires high knowledge to use           | <input type="checkbox"/> |
| It keeps business growth and expansion            | <input type="checkbox"/> | It reduces need for human labor             | <input type="checkbox"/> |
| It analyses data of an entity.                    | <input type="checkbox"/> | Its takes more time that simply logging in. | <input type="checkbox"/> |

**D.2. what are the most common challenges faced in software application in an enterprise?**

- |                                |                          |                         |                          |
|--------------------------------|--------------------------|-------------------------|--------------------------|
| Technological change and costs | <input type="checkbox"/> | Insufficient backup     | <input type="checkbox"/> |
| Lack of IT skills              | <input type="checkbox"/> | Need to upgrade systems | <input type="checkbox"/> |
| Threat of data loss            | <input type="checkbox"/> |                         |                          |

**D.3. To what extent has software application caused transparency in handling funds of your organization?**

15% and below

16% - 30%

31% - 45%

46% and above

**THANK YOU VERY MUCH DEAR**

**MAY GOD BLESS YOU**

**Appendix III: Work Plan for 2020**

	<b>April</b>	<b>May</b>	<b>December</b>	<b>January</b>
Proposal writing				
Proposal Defense				
Data collection and Analysis				
Writing and submitting the research project report				

**Appendix IV: Research Budget**

<b>ITEM</b>	<b>QUANTITY</b>	<b>PRICE</b>	<b>AMOUNT(UGX)</b>
Stationary	1	20,000	20,000
Travelling	5 trips	10,000	50,000
Research assistants	2	15,000	30,000
Typing of research work	10 times	2,000	20,000
Data collection	6 days	5,000	30,000
Printing	4 copies	30,000	120,000
<b>Grand total</b>	-	-	<b>270,000</b>