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Small and Medium Businesses (SMEs) are Aware of Mobile Accounting Systems

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Abstract: ***The purpose of this study was to determine how much Nairobi - based Kenyan SMEs knew about using mobile accounting systems. In this study, 73 responses were obtained from the quantitative survey, and 11 subjects were interviewed for the qualitative research component. Research instruments included questionnaires and interviews. A review of the literature was done to learn more about how Nairobi, Kenya's informal business owners use mobile application systems. Usahibu and Quick books were the two primary systems in use in Kenya, according to the literature review. According to the study, 72% of the participants did not use any accounting software. The two primary variables that were found to have an impact on the degree of system uptake were cost and functionality. The small informal business owners in the study indicated a need for a mobile accounting application. It was suggested that more investigation be done to obtain more general positions for the entire nation.***

Keywords: Small and Medium - Sized Businesses, Mobile Accounting Systems

1. Introduction

In developing nations, the creation of jobs and economic growth were significantly influenced by the Small and Medium - Sized Enterprise (SME) sector (Hallberg, 2000). Information and communication technologies (ICT) played a significant role in raising labor productivity, which in turn led to higher profitability for informal SMEs as compared to formal ones (Esselaar et al 2008). According to the Kenya Institute of Economic Affairs (2012), 77% of Kenya's workforce is employed in the informal sector, which accounts for roughly 33% of the nation's GDP. It was also thought to be a significant employer of people outside of the formal economy. The money made from this economic activity did not end up in the government's coffers. By including this industry in the government's revenue collection systems, the industry would gain access to record - keeping tools that would help it obtain development funding and allow the tax authorities to increase the size of their tax base. In Kenya, 78% of people have a mobile phone, according to the Communications Commission of Kenya (CCK) (Communications Commission of Kenya, 2012). This implied that the number of users of mobile phones exceeded 30 million. When the same 78% are extrapolated to the unorganized sector, 78% of people use mobile phones. This indicated that the informal sector had a high level of technology awareness.

2. Literature Review

The state of the research on small and medium - sized businesses' (SMEs') adoption of information and communication technologies (ICTs) is complex, with varying results and difficulties in various contexts and geographical areas. Research carried out in various contexts, including Africa, Albania, Taiwan, New Zealand, and others, illuminated the complex aspects of ICT adoption and how they affect business operations.

Global Perspectives (1999) exposed weaknesses in New Zealand's SMEs' technology adoption strategies, managerial abilities, and systems for developing new products, which caused them to fall behind international standards and quickly become obsolete. Studies by Chowdhury et al. (2003) and Chacko and Harris (2006) also emphasized the difficulties that SMEs, especially those in Asia - Pacific nations, face in implementing new technology, including high adoption costs, a lack of information, and a lack of awareness of the financial benefits of the technology.

Esselaar et al. (2008) offered a more upbeat perspective, defying some previous findings, arguing that adopting ICTs could boost labor productivity and profitability for SMEs, especially when taking into account a wider range of business outputs. Cost was still a major deterrent to adoption, though, with mobile phones emerging as a more accessible entry point into ICT use because of their low cost and ease of use.

Aker et al. (2010) and Gikenye and Ocholla (2012) examined the African context and showed how mobile phones are becoming increasingly important in propelling economic development, despite obstacles like inadequate infrastructure. Due to their ease of use, mobile phones were extensively used for financial transactions and communication; however, the adoption of more advanced ICT tools, such as accounting applications, was restricted, especially in the informal sector.

Examining the possibilities of open - source enterprise resource planning systems, Cereola et al. (2012) stressed the need of managing expertise to facilitate successful adoption and the importance of matching technology to business processes of SMEs. In a similar vein, Lin and Wu (2004) emphasized the significance of perceived utility and managerial support in influencing IT adoption among Taiwanese SMEs.

All things considered, these studies highlight the complex interactions between perceived utility, cost concerns, managerial support, and alignment with business procedures that impact ICT adoption among SMEs. ICT adoption has the potential to increase productivity and competitiveness, but there are still obstacles to overcome, especially in the areas of

infrastructure and affordability. For these reasons, research and policy support in this area are crucial.

3. Research Methodology

In addition, qualitative research was utilized to offer more profound understanding, background, and insights into the phenomena being studied. Although qualitative research was acknowledged to require more time, it was used to enable a deeper investigation of the experiences, viewpoints, and behaviors of participants. Usually, the smaller sample size for The greater sample sizes of quantitative surveys probably made up for the 536 linked with qualitative research, maintaining a balance between the breadth and depth of investigation.

Researchers visited participants in their typical work settings to conduct interviews, which allowed for both direct interaction and observation. This strategy probably improved the relationship and trust between participants and researchers, which could have improved the caliber and veracity of the data gathered. Furthermore, self - administered questionnaires were used, giving respondents the freedom to finish the survey whenever it was most convenient for them. Questionnaires were distributed via email, courier, and the post, which probably reduced costs and logistical difficulties while increasing accessibility and response rates.

All things considered, the mixed - method research design made it possible to conduct a comprehensive and multifaceted analysis of ICT adoption among SMEs, combining the benefits of quantitative and qualitative methods to yield reliable findings and insights.

4. Results

According to the analysis of the results, SMEs typically record transactions manually and don't seem to be aware of or utilize electronic systems for this purpose. This outcome is in line with past research, such as Global Perspectives (1999), which focused on the insufficient ICT adoption strategies of SMEs in New Zealand. The fact that none of the respondents were found to be using computerized applications, despite some being aware of mobile payment solutions for cash flow recording, indicates a significant discrepancy in the adoption of technology.

When it comes to computerized accounting systems, MS Excel and QuickBooks are the most widely used software. This preference for multipurpose software, such as Microsoft Excel, is consistent with research by Lin and Wu (2004), which shows that SMEs use computers extensively for routine tasks in a variety of settings.

The perceived advantages of better stock control and a decrease in theft motivated the purchase of software, especially for stock control purposes. This is in line with research by Steinfeld et al. (2012) that shows the connection between ICT adoption and business benefits.

Operators of manual systems encountered difficulties such as losing or forgetting to record transactions, which resulted in inefficiencies and wasted time. These difficulties highlight how low ICT knowledge reduces productivity, as mentioned by Chowdhury et al (2003). Additionally, observations showed that operators had a poor understanding of economic principles and preferred to record high - value items over lower - value items. This result is consistent with the emphasis that Chacko and Harris (2006) placed on the gaps in economic knowledge.

Adoption of electronic systems has been significantly hampered by cost, as well as by a lack of suitable tools and competing priorities brought on by scarce resources. Not with standing, the participants expressed a readiness to embrace mobile application systems provided they were reasonably priced and catered to their particular requirements, underscoring the significance of both price and features in propelling future adoption.

In conclusion, even though SMEs show a willingness to implement ICT solutions, it is still critical to remove obstacles like functionality and cost. By removing these obstacles, SMEs may be able to adopt technology more widely and become more productive.

5. Conclusion

In summary, the study's findings show that small and medium - sized businesses (SMEs) are notably unaware of and underutilize mobile accounting systems. SMEs seem to be trailing behind in the adoption of mobile accounting solutions, despite the growing prevalence of mobile technology and its potential to completely transform business operations.

According to the analysis, the majority of SMEs' transaction recording procedures are still done by hand; very few use electronic systems, such as mobile accounting apps. This indicates that there may be a sizable knowledge or awareness gap among SME operators about the availability and advantages of mobile accounting solutions.

There are a number of reasons behind this lack of acceptance and awareness. One major obstacle is cost, as small and medium - sized enterprises (SMEs) often view mobile applications as a luxury that they cannot afford due to limited resources and competing priorities. Concerns regarding the suitability and functionality of the current systems may also prevent SMEs from adopting them, especially if they don't meet their needs or don't have essential features.

The willingness of respondents to consider mobile accounting systems, if they were reasonably priced and adequately met their needs, does, however, indicate a glimmer of opportunity. This implies that if obstacles like price and functionality can be removed, adoption may increase.

In the future, it will be essential to make an effort to educate SMEs about the advantages and usability of mobile accounting systems. This could entail specialized outreach and education initiatives to highlight the benefits of mobile solutions for increasing productivity, simplifying corporate processes, and enabling improved financial management.

Furthermore, SMEs may find it easier to adopt mobile accounting systems if concerns about affordability are addressed through programs like discounts, subsidies, or flexible pricing structures. Furthermore, the attractiveness and usefulness of mobile applications can be increased by making sure they are customizable, user - friendly, and suited to the unique requirements of SMEs.

To put it briefly, closing the awareness and adoption gap of mobile accounting systems among SMEs calls for a multifaceted strategy that highlights the possible advantages of implementing such technologies while addressing practical and financial obstacles.

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