MAKERERE  **UNIVERSITY**

EXAMINING THE IMPACT OF DIGITAL ACCOUNTING SYSTEMS ON THE BUSINESS CONTINUITY OF SMES: A CASE STUDY OF KAMPALA DISTRICT SMES.

BY

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REG NO: 2024/HD06/25343U

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTERS DEGREE OF BUSINESS ADMINISTRATION OF MAKERERE UNIVERSITY

October, 2026

DECLARATION

I **Akatuuza Ryan do** hereby affirm that I am the sole author of this report and that it represents my original work. To the best of my knowledge, it has not been submitted to any institution, either in whole or in part, for any academic award, publication, or other purposes. Where applicable, proper references have been provided for the works of others cited within the report."

Signed: _____ **Date:** 4/11/2026

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APPROVAL

This is to certify that this research report has been produced under my supervision and guidance. And it's now ready to be submitted to the College business and management science with my due approval.

Signed: ..... Date: .....4/11/2026.....

KINTU HUSSEIN
(Supervisor)

DEDICATION

I dedicate this research report to my cherished family. I deeply appreciate the unwavering love and support you have provided, including the sacrifices you made with limited resources to ensure my academic success. Your guidance and inspiration throughout my journey have been invaluable. I am profoundly grateful for your support, and I pray that you receive abundant blessings in return.

ACKNOWLEDGEMENT

I want to extend my heartfelt thanks to my supervisor; Mr. Kintu Hussein for the invaluable support and guidance provided throughout the preparation of my research report. Your expertise and advice have been instrumental in shaping this work. I also wish to express my deep appreciation to my family, particularly my immediate relatives, for their unwavering support and assistance throughout my academic journey. Your encouragement and sacrifices have been crucial to my success, and I am truly grateful.

Additionally, I would like to acknowledge my friends and all those whose support was vital in completing my academic endeavors. Your encouragement and help have made a significant difference. Above all, I offer my profound thanks to Almighty God, who has granted me wisdom, guidance, and favor throughout this journey. Your divine support has been a constant source of strength and inspiration.

I would also like to acknowledge all the SME owners in Kampala District who willingly participated in this study. Their cooperation, time, and valuable responses provided the information necessary for the successful completion of this research. Without their participation and support, this study would not have been possible.

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LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
CVI	Content Validity Index
FIT	Financial Intermediary Theory
GDP	Gross Domestic Product
GWP	Gross Written Premiums
IRA	Insurance Regulatory Authority
MTN	Mobile Telecommunications Network
NM	Nation Media
RBVT	The Resource-Based View Theory
SD	Standard Deviation
SMEs	Small and Medium Enterprises
UBOs	Uganda Bureau of statistics
WBCSD	World Business Council for Sustainable Development

ABSTRACT

This study examined the effect of digital accounting systems on business continuity among Small and Medium Enterprises (SMEs) in Kampala District, Uganda. The study was guided by three objectives: to examine the current practices adopted by SMEs in Kampala to enhance business continuity, to assess the level of adoption and utilization of digital accounting systems among SMEs, and to establish the effect of digital accounting systems on business continuity.

A descriptive research design was adopted, employing a quantitative approach. Data were collected using structured questionnaires administered to SME owners, managers, accountants, finance officers, and bookkeepers. The study targeted SMEs operating within Kampala District, and data were analyzed using both descriptive and inferential statistical techniques.

The findings revealed that SMEs had adopted several business continuity practices. Employee training on handling operational disruptions was the most highly rated practice (Mean = 4.35), followed by maintaining strong relationships with customers and suppliers (Mean = 4.29), regular backup of business and financial data (Mean = 4.28), adoption of digital technologies (Mean = 4.27), and utilization of electronic payment systems (Mean = 4.27). However, weaknesses were identified in financial record management (Mean = 2.53) and certain aspects of data backup and protection (Mean = 2.35).The findings further established that the adoption and utilization of digital accounting systems among SMEs were generally moderate to high. Employee competence in using digital accounting systems received the highest rating (Mean = 4.92), while budgeting and financial planning (Mean = 4.68), system integration with business operations (Mean = 3.87), management support (Mean = 3.72), and transaction recording (Mean = 3.52) were also positively rated. Nevertheless, the study revealed low utilization in cash flow monitoring (Mean = 2.67), accessibility of financial information (Mean = 2.33), and full integration of digital accounting systems into daily accounting activities (Mean = 2.20).

The study also established that digital accounting systems positively influenced business continuity among SMEs. Respondents agreed that digital accounting systems improved continuity of operations (Mean = 4.27), enhanced the accuracy and reliability of financial information (Mean = 3.87), supported service delivery during disruptions (Mean = 3.43), facilitated timely decision-making (Mean = 3.23), and improved financial management and control (Mean = 3.19). However, the systems were perceived as less effective in supporting business recovery after disruptions (Mean = 2.46), enhancing organizational resilience (Mean = 2.36), and reducing the risk of losing financial records (Mean = 2.12).

The study concluded that digital accounting systems play a significant role in enhancing business continuity among SMEs in Kampala by improving financial management, operational efficiency, and decision-making processes. However, digital accounting systems alone are not sufficient to guarantee organizational resilience and sustainable continuity. The study therefore recommends that SMEs strengthen the utilization of digital accounting systems, invest in employee training, enhance data security and backup procedures, and integrate digital technologies with comprehensive risk management and business continuity planning.

Future studies should examine the relationship between digital accounting systems and business continuity in other regions and sectors and investigate additional factors that may influence this relationship.

Keywords: Digital accounting systems, business continuity, SMEs, financial management, organizational resilience, Kampala District, Uganda.

CHAPTER ONE:

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, problem statement, purpose, research objectives, questions, scope, significance of the study and the conceptual framework.

1.1 Background of the study

Globally, small and medium enterprises (SMEs) constitute over 90% of businesses and 50% of employment across economies, making their continuity vital for economic stability (World Bank, 2021). However, SMEs are disproportionately vulnerable to crises such as pandemics, supply chain disruptions, and cyber threats. Research shows that SMEs with structured Business Continuity Management (BCM) frameworks recover faster and sustain operations during crises. Awang Ali et al. (2023) found that SMEs integrating BCM with resilience strategies experienced up to 30% shorter recovery times compared to those without such systems. Similarly, Furiak et al. (2024) demonstrated that SMEs adopting crisis management and risk management systems reduced revenue losses during COVID-19 by over 20%.

In Africa, SMEs contribute over 70% of employment but face heightened risks from disasters, political instability, and infrastructural gaps (African Development Bank, 2022). Mtetwa and Kubheka (2026) found that African SMEs often adopt simplified versions of ISO-aligned risk management frameworks, which improve preparedness but lack long-term resilience metrics. Sakijege (2024) notes that Tanzanian MSMEs in flood-prone areas struggled with recovery due to limited savings and weak government support, with only 40% resuming operations within six months after floods. Fadun (2021) emphasizes that Sub-Saharan SMEs must embrace BCM to survive, as disruptions without continuity planning often lead to permanent closure.

East African SMEs, particularly in Kenya and Tanzania, face frequent disruptions from climate-related disasters and infrastructural weaknesses. Sakijege (2024) shows that personal savings and government support were statistically significant predictors of SME recovery in Dar es Salaam. Regional studies highlight that SMEs with continuity training and redundancy strategies (e.g.,

backup suppliers, multiple business streams) are more resilient. However, limited access to affordable credit and insurance remains a major barrier (Muriithi, 2017).

Ugandan SMEs are central to the economy, contributing over 80% of employment (Uganda Bureau of Statistics, 2023). Yet, they face severe disruptions from power outages, limited financing, and managerial gaps. Kundu, Anderson, and Ramdas (2024) found that monthly sales dropped by 13.8% when SMEs faced multiple disruptions, but firms with redundancy strategies (backup inventory, relational substitutes for absent managers) mitigated losses effectively. Tumuramye et al. (2025) further show that ecosystem embeddedness collaboration with suppliers and networks—enhances resilience in agro-food SMEs. Ssewagudde et al. (2026) emphasize that resilience in Ugandan SMEs is mediated by access to finance, leadership, technology, and human capital, which directly influence continuity.

Digital accounting systems (including cloud accounting and integrated information systems) are increasingly recognized as enablers of SME resilience. Septiawan et al. (2025) show that cloud accounting adoption improves financial decision-making, competitiveness, and business continuity, especially during crises like COVID-19 when remote access was essential. Pandey (2026) highlights that digital transformation, including accounting platforms, strengthens resilience by enhancing transparency, reducing fraud, and enabling real-time financial monitoring. Integrated systems also reduce operational costs and improve compliance, which is critical in Uganda where SMEs often struggle with regulatory requirements. Ultimately, digital accounting systems act as a strategic buffer, allowing SMEs to anticipate risks, maintain liquidity, and adapt quickly to disruptions, thereby safeguarding continuity.

Digital accounting systems are technology-driven platforms that facilitate the recording, processing, storage, and reporting of financial information within an organization. These systems include cloud accounting software, computerized bookkeeping applications, enterprise resource planning (ERP) systems, and digital invoicing tools that enable businesses to automate accounting functions and access financial information in real time (Bagranoff et al., 2021; Romney & Steinbart, 2021). Unlike traditional manual accounting methods, digital accounting systems improve the accuracy, reliability, and timeliness of financial records while reducing administrative

costs and human errors. Through automation and integration, SMEs can efficiently manage transactions, monitor cash flows, prepare financial reports, and comply with regulatory requirements. Recent studies indicate that digital accounting systems contribute significantly to business continuity by enhancing financial visibility, supporting remote operations, strengthening internal controls, and facilitating timely decision-making during periods of disruption (Septiawan et al., 2025; Pandey, 2026). Consequently, the adoption of digital accounting systems has become an important strategy for improving organizational resilience, operational efficiency, and long-term sustainability among SMEs.

Business continuity is the capability of an organization to sustain critical business functions and recover efficiently from disruptions while maintaining acceptable levels of service delivery. In contemporary organizations, business continuity has become a strategic approach to managing risks associated with operational, technological, environmental, and economic uncertainties. Research indicates that effective business continuity management enhances organizational resilience, minimizes interruptions, and improves an organization's ability to withstand and recover from crises (Herbane, 2019). For SMEs, business continuity is particularly important because limited financial and operational resources make them more vulnerable to disruptions. Studies have shown that organizations with established continuity mechanisms are more likely to maintain operational stability, protect stakeholders, and achieve long-term sustainability compared to those lacking continuity plans (Torabi et al., 2016; Sahebjamnia et al., 2018). Therefore, business continuity is essential for ensuring organizational survival, resilience, and competitiveness in dynamic business environments.

This case study focused on SMEs operating in Kampala District, Uganda's major commercial and economic center. Kampala hosts a large number of SMEs engaged in trade, manufacturing, hospitality, transport, and service industries, making the district a critical contributor to employment creation and economic growth in Uganda (Uganda Bureau of Statistics [UBOS], 2023). Despite their contribution to the economy, SMEs in Kampala continue to experience numerous challenges, including financial constraints, market uncertainties, technological limitations, and frequent business disruptions that threaten their continuity and survival (Kundu et al., 2024). Although digital accounting systems are increasingly being adopted to improve

financial management and operational performance, there is limited empirical evidence regarding their effect on business continuity among SMEs in Uganda. Therefore, Kampala District provided an appropriate setting for examining how digital accounting systems influence the ability of SMEs to sustain operations, respond to disruptions, and achieve long-term business continuity.

Kampala District is Uganda's capital city and the country's leading commercial and business center, with a high concentration of SMEs operating in trade, manufacturing, hospitality, transportation, and other service sectors. The district plays a significant role in national economic development through employment creation, entrepreneurship, and income generation (Nuwagaba & Nzewi, 2021). Due to its relatively advanced business environment and growing digital infrastructure, Kampala has experienced increased adoption of digital technologies among SMEs, including accounting information systems that support financial management, decision-making, and operational efficiency (Omondi & Jagongo, 2018). However, SMEs in Kampala continue to face numerous challenges such as financial constraints, intense market competition, technological barriers, and business disruptions that threaten sustainability and growth (Ssewanyana & Kasirye, 2020). Consequently, Kampala District provides an appropriate setting for examining how digital accounting systems influence business continuity and resilience among SMEs.

1.2 Problem Statement

Business continuity of small and medium enterprises (SMEs) is critical because they constitute over 90% of businesses globally and contribute more than 50% of employment (World Bank, 2021). In Kampala, SMEs have adopted several strategies to enhance continuity, including diversification of products, building supplier networks, and adopting basic financial management tools to mitigate risks (Uganda Bureau of Statistics [UBOS], 2023). However, despite these efforts, SMEs in Kampala continue to face persistent challenges such as limited access to finance, infrastructural disruptions, and managerial weaknesses, which undermine their ability to sustain operations during crises (Kundu, Anderson, & Ramdas, 2024). Moreover, while digital accounting systems have been introduced to improve transparency, efficiency, and financial monitoring, their adoption among SMEs in Kampala remains low, and there is no substantive literature directly connecting digital accounting systems to business continuity outcomes in this context (Septiawan, Nugroho, & Putra, 2025). This gap highlights the need for empirical investigation, as SMEs in Kampala continue to struggle with weak resilience despite digital transformation initiatives

(Ssewagudde Jjagwe, Namutebi, & Okello, 2026). Therefore, this study will investigate the effect of digital accounting systems on the business continuity of SMEs in Kampala.

1.3 General Objective

To examine the effect of digital accounting systems on the business continuity of SMEs in Kampala district.

1.4 Specific Objectives

1. To examine the current practices adopted by SMEs in Kampala to enhance business continuity.
2. To assess the level of adoption and utilization of digital accounting systems among SMEs in Kampala.
3. To investigate the effect of digital accounting systems on the business continuity of SMEs in Kampala.

1.5 Research Questions

1. What are the current practices adopted by SMEs in Kampala to enhance business continuity?
2. What is the level of adoption and utilization of digital accounting systems among SMEs in Kampala?
3. What is the effect of digital accounting systems on the business continuity of SMEs in Kampala?

1.6 Scope of the Study

This section is section is subdivided into 3 subsections

1.6.1 Content Scope

The study focused on the relationship between digital accounting systems and the business continuity of SMEs in Kampala. Specifically, it examines current continuity practices, the extent of digital accounting adoption, the challenges faced in integration, and the effect of these systems on resilience outcomes such as financial transparency, liquidity management, and crisis recovery.

1.6.2 Geographical Scope

The study was confined to Kampala District, Uganda, where SMEs contribute over 80% of employment and 20% of GDP (Uganda Bureau of Statistics [UBOS], 2023). Kampala is chosen because it hosts the largest concentration of SMEs in Uganda, making it a representative case for examining digital accounting adoption and continuity practices.

1.6.3 Time Scope

The study covered the period 2020–2026, a timeframe that captures the post-COVID-19 recovery phase, during which SMEs increasingly explored digital solutions to sustain operations. This period is relevant because it reflects both the challenges and opportunities of digital transformation in SME continuity.

1.7 Significance of the Study

This study is significant because it addresses the critical link between digital accounting systems and the business continuity of SMEs in Kampala, a relationship that has not been sufficiently explored in existing literature. The findings will benefit multiple stakeholders:

1.7.1 Academia and Researchers

The study will contribute to scholarly knowledge by filling the gap in literature on how digital accounting systems influence SME resilience in Kampala. It will provide empirical evidence that future researchers can build upon, especially in the fields of accounting, business continuity, and SME management.

1.7.2 SME Owners and Managers

For practitioners, the study will offer practical insights into how adopting digital accounting systems can enhance financial transparency, improve liquidity management, and strengthen continuity strategies. This is particularly relevant in Uganda, where SMEs contribute over 80% of employment and 20% of GDP.

1.7.3 Policy Makers and Regulators

The study will inform government agencies such as the National Planning Authority (NPA) and the Uganda Securities Exchange (USE) on the importance of promoting digital transformation

among SMEs. Evidence from this research can guide policy interventions aimed at improving SME resilience and aligning with Uganda's National Development Plan IV (NDP IV) objectives of fostering sustainable economic growth.

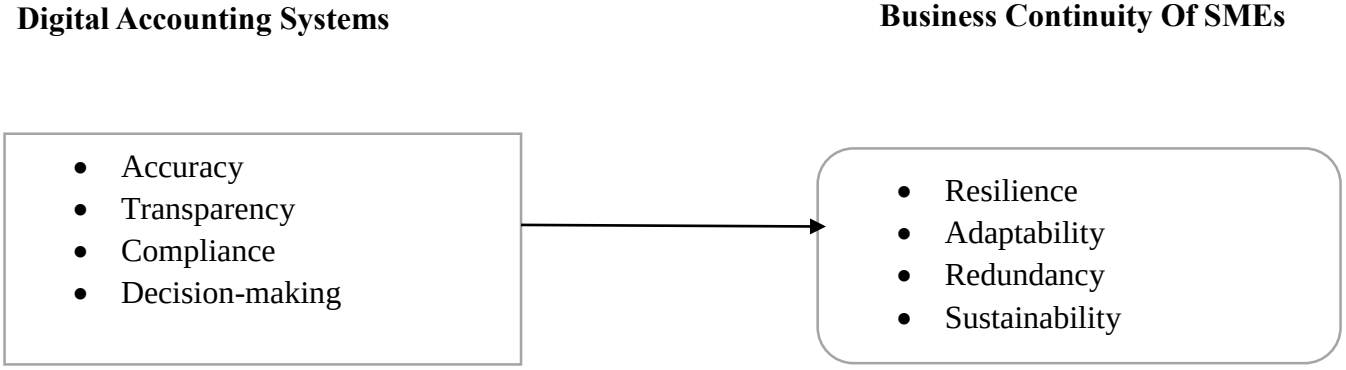
1.7.4 Financial Institutions and Technology Providers

Banks, microfinance institutions, and fintech companies will benefit from understanding the role of digital accounting systems in SME continuity. The findings can help them design tailored financial products and digital solutions that support SME resilience.

1.7.5 The Wider Economy and Society

Since SMEs are the backbone of Uganda's economy, strengthening their continuity through digital accounting systems will enhance employment stability, income generation, and poverty reduction. This contributes directly to national development goals and regional economic integration

1.8 Conceptual framework



Source: adapted from Gürlek et al. (2017)**.**

Figure 1. 1 Conceptual framework showing the relationship between digital accounting systems and business continuity of SMEs.

The conceptual framework illustrates how Digital Accounting Systems (DAS) act as enablers of Business Continuity in SMEs by linking four core constructs of DAS (accuracy, transparency, compliance, and decision-making) to four continuity outcomes (resilience, adaptability, redundancy, and sustainability). Accuracy ensures reliable financial data that reduces errors and fraud, transparency enhances accountability and visibility of records, compliance aligns SMEs

with statutory and tax obligations, and decision-making provides timely insights for strategic responses. These accounting capabilities directly strengthen SME resilience by enabling firms to withstand shocks, adaptability by adjusting to dynamic market conditions, redundancy through backup systems and alternative resources, and sustainability by ensuring long-term viability. In essence, the framework shows that digital accounting systems are not merely bookkeeping tools but strategic mechanisms that reinforce SME survival and growth, especially in volatile environments (Gürlek, Düzgün, & Öztürk, 2017).

1.9 Operational definitions

Digital Accounting Systems (DAS): Computerized and cloud-based platforms used by SMEs to record, process, and report financial transactions, measured through accuracy, transparency, compliance, and decision-making (Septiawan, Nugroho, & Putra, 2025; Pandey, 2026).

Business Continuity of SMEs: The ability of small and medium enterprises to maintain operations and recover from disruptions, measured through resilience, adaptability, redundancy, and sustainability (Kundu, Anderson, & Ramdas, 2024; Ssewagudde Jjagwe, Namutebi, & Okello, 2026).

SMEs (Small and Medium Enterprises): Enterprises defined by UBOS (2023) as employing between 5 and 100 people with annual turnover not exceeding UGX 360 million, contributing over 80% of employment and 20% of GDP in Uganda.

CHAPTER TWO:

LITERATURE REVIEW

2.0 Introduction

This chapter covers the definition of key concepts, theoretical review and empirical review guided by the research objective.

2.1 Key concepts of the study

2.1.1 Digital Accounting Systems

Digital accounting systems refer to computerized technologies used to record, process, store, and report financial information within organizations (Romney & Steinbart, 2021). These systems integrate accounting functions with information technology to improve the accuracy and efficiency of financial transactions (Romney & Steinbart, 2021). According to Gelinas et al. (2018), digital accounting systems comprise accounting software, databases, and cloud-based applications that facilitate the management of financial data. The use of these systems enables organizations to generate real-time financial reports and improve managerial decision-making processes (Gelinas et al., 2018). Consequently, businesses can reduce operational costs and minimize errors associated with manual accounting procedures (O'Brien & Marakas, 2020).

The International Federation of Accountants (IFAC, 2022) describes digital accounting systems as the application of digital technologies such as automation, cloud computing, artificial intelligence, and data analytics in accounting functions. These technologies enhance the quality, accessibility, and reliability of financial information (IFAC, 2022). According to O'Brien and Marakas (2020), digital accounting systems integrate transaction processing, financial reporting, and data analysis into a single platform. Such integration strengthens internal controls and improves organizational efficiency (O'Brien & Marakas, 2020). In modern business environments, digital accounting systems are increasingly recognized as essential tools for enhancing organizational competitiveness and sustainability (IFAC, 2022).

2.1.2 Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are businesses that operate with relatively limited resources in terms of capital investment, workforce, and annual turnover compared to large corporations. According to Ayyagari, Beck, and Demirgüç-Kunt (2007), SMEs are firms

characterized by a smaller scale of operation but play a significant role in promoting economic growth, innovation, and job creation. The authors argue that SMEs contribute substantially to national productivity and economic development through entrepreneurship and market competition (Ayyagari et al., 2007). Similarly, the Organisation for Economic Co-operation and Development (OECD, 2019) defines SMEs as independent enterprises with fewer than 250 employees and limited financial capacity relative to larger firms. SMEs are therefore recognized globally as important drivers of economic development and poverty reduction (OECD, 2019).

According to Storey (2016), SMEs are businesses managed by owners who make strategic decisions independently and operate within resource constraints that influence their growth and competitiveness. Such enterprises often demonstrate flexibility and adaptability in responding to changing market conditions (Storey, 2016). Burns (2020) further notes that SMEs constitute the backbone of most economies because they stimulate entrepreneurial activity, create employment opportunities, and support local economic development. Their contribution is particularly important in developing countries where they account for a large proportion of private sector businesses (Burns, 2020).

In Uganda, SMEs are defined by national authorities based on employment size and annual turnover. According to the Uganda Bureau of Statistics (UBOS, 2021), small enterprises typically employ between 5 and 49 workers, while medium enterprises employ between 50 and 100 workers. These enterprises dominate Uganda's private sector and contribute significantly to employment generation and income creation (UBOS, 2021). The Ministry of Trade, Industry and Cooperatives (MTIC, 2015) further notes that SMEs play a critical role in industrial development, value addition, and the promotion of local entrepreneurship. Their growth has become a key policy priority for enhancing economic transformation and national competitiveness (MTIC, 2015).

The Uganda Micro, Small and Medium Enterprises Policy (2015) describes SMEs as enterprises that support inclusive economic growth by creating jobs, generating incomes, and fostering innovation. The policy recognizes SMEs as the engine of Uganda's economy due to their contribution to gross domestic product and household livelihoods (MTIC, 2015). According to Private Sector Foundation Uganda (PSFU, 2020), SMEs account for the majority of business establishments in Uganda and provide employment opportunities to a substantial portion of the population. As a result, strengthening SME operations through digital technologies such as digital

accounting systems is considered essential for improving productivity, competitiveness, and business continuity in Uganda's dynamic business environment (PSFU, 2020).

2.1.3 Business Continuity

Business continuity refers to an organization's ability to maintain critical operations during and after a disruption (ISO, 2019). According to ISO 22301 (2019), business continuity involves ensuring that products and services continue to be delivered at acceptable predefined levels following an incident. The concept emphasizes organizational preparedness, resilience, and rapid recovery from unexpected events such as natural disasters, cyberattacks, or system failures (ISO, 2019). Effective business continuity planning helps organizations minimize operational interruptions and financial losses (Elliott et al., 2010).

Herbane (2010) defines business continuity as the strategic and operational capability of an organization to anticipate, respond to, and recover from disruptions. The author argues that business continuity extends beyond disaster recovery by incorporating risk management and resilience-building strategies (Herbane, 2010). Similarly, Elliott et al. (2010) contend that business continuity involves the development of policies, procedures, and resources aimed at protecting essential business processes. The Business Continuity Institute (BCI, 2023) further describes business continuity as a holistic management process that identifies organizational threats and establishes mechanisms for effective response and recovery. In the digital era, technologies such as cloud computing, data backup solutions, and digital accounting systems play a vital role in supporting business continuity by ensuring uninterrupted access to critical information and services (BCI, 2023).

2.2 Theoretical review

2.2.1 The Resource-Based View (RBV) theory

The Resource-Based View (RBV) Theory is widely recognized in strategic management literature as a framework for explaining how organizations achieve superior performance through the effective utilization of valuable resources and capabilities (Powell, 2001; Hossain et al., 2023). The theory argues that firms possess different bundles of resources, and these differences significantly influence their performance and competitiveness (Brush & Chaganti, 1998). According to RBV, resources such as technology, financial assets, organizational knowledge, and

human skills can create a competitive advantage when they are effectively managed and deployed (Powell, 2001). Consequently, organizations that acquire and utilize strategic resources efficiently are more likely to achieve sustainable performance and long-term success (Hossain et al., 2023).

RBV further emphasizes that organizational success depends not only on the possession of resources but also on the capability to utilize those resources effectively (Das & Teng, 2000). Resources refer to assets owned or controlled by a firm, while capabilities represent the ability to coordinate and deploy those assets to accomplish organizational objectives (Das & Teng, 2000; Hossain et al., 2023). The theory suggests that sustainable performance is achieved when resources are valuable, rare, inimitable, and non-substitutable (Barney, 1991). Therefore, firms with unique resources and strong capabilities are better positioned to improve operational efficiency, adaptability, and resilience than their competitors (Barney, 1991).

In relation to the current study, digital accounting systems constitute an important technological resource that SMEs can utilize to enhance accounting efficiency, financial reporting, and data management. These systems enable businesses to automate accounting processes, improve the accuracy of financial records, and provide timely access to financial information for decision-making (Romney & Steinbart, 2021). The ability of SME owners and employees to effectively use digital accounting platforms represents an organizational capability that can strengthen business operations and improve overall performance (Gelinas et al., 2018). As such, both the technology itself and the skills required to use it effectively are strategic resources within the RBV framework.

The RBV theory is particularly relevant to this study because it explains how digital accounting systems can contribute to business continuity among SMEs. Digital accounting systems provide critical resources such as secure financial databases, cloud-based storage, automated reporting tools, and real-time access to business information, which support uninterrupted business operations during disruptions (IFAC, 2022). SMEs that possess these technological resources and the capabilities to utilize them effectively are more likely to maintain essential functions, recover quickly from operational interruptions, and sustain business performance during periods of uncertainty (Herbane, 2010). Therefore, RBV provides a suitable theoretical foundation for

understanding the relationship between digital accounting systems and business continuity among SMEs.

2.3Empirical Review

2.3.1 The current practices adopted by SMEs to enhance business continuity

Small and Medium Enterprises (SMEs) have increasingly adopted digital technologies as a strategy for enhancing business continuity and resilience in the face of operational disruptions. Digital tools such as cloud computing, digital accounting systems, electronic payment platforms, and online communication applications enable businesses to maintain critical operations during unexpected events (Verhoef et al., 2021). According to Kraus et al. (2020), SMEs that embrace digital transformation are better able to adapt to changing business environments because digital technologies facilitate remote working, improve information accessibility, and support organizational flexibility. Furthermore, the adoption of digital accounting systems enables firms to securely store financial records, automate transactions, and access financial information remotely, thereby minimizing interruptions to business processes (Romney & Steinbart, 2021).

Another common practice adopted by SMEs is the implementation of risk management and contingency planning measures. Business continuity planning allows organizations to identify potential threats and develop strategies for responding to disruptions before they occur (Herbane, 2010). According to Torabi, Giahi and Sahebjamnia (2016), SMEs that establish business continuity plans are better prepared to mitigate risks arising from technological failures, economic uncertainties, and natural disasters. Effective continuity planning also enhances organizational resilience by ensuring that critical resources, responsibilities, and recovery procedures are clearly defined and communicated throughout the organization (Sahebjamnia et al., 2015).

Financial management practices also play an important role in enhancing business continuity among SMEs. Maintaining adequate cash reserves, diversifying income sources, and monitoring financial performance are widely recognized as essential strategies for surviving economic shocks and business disruptions (Cowling et al., 2015). According to Doern et al. (2019), SMEs that regularly assess their financial position and implement sound financial controls are more capable of sustaining operations during crises than firms with weak financial management systems. Digital accounting systems further support these efforts by providing accurate and timely financial

information that facilitates budgeting, forecasting, and decision-making (Gelinas et al., 2018).

SMEs also enhance business continuity by strengthening stakeholder relationships and adopting flexible business models. Strong relationships with customers, suppliers, financial institutions, and employees improve an organization's ability to access resources and support during difficult periods (Battisti & Deakins, 2017). Research by Duarte Alonso et al. (2021) found that SMEs that demonstrated operational flexibility and innovation were more capable of adapting their products, services, and delivery channels during periods of disruption. Consequently, the combination of digital technologies, effective risk management, sound financial practices, and stakeholder collaboration has become central to the continuity and sustainability of SMEs in increasingly uncertain business environments.

2.3.2 The level of adoption and utilization of digital accounting systems among SMEs

2.3.2 The Level of Adoption and Utilization of Digital Accounting Systems among SMEs

The adoption and utilization of digital accounting systems among SMEs have increased significantly in recent years as businesses seek to improve efficiency, accuracy, and financial management. Digital accounting systems enable SMEs to automate bookkeeping processes, generate real-time financial reports, and enhance record management, thereby supporting informed decision-making (Moll & Yigitbasioglu, 2019). According to Rezaee, Sharbatoghlie, Elam, and McMickle (2018), the integration of digital technologies into accounting practices has transformed traditional accounting functions by improving the speed and reliability of financial information processing. However, the extent of adoption varies across SMEs depending on factors such as firm size, technological readiness, and financial capacity (Moll & Yigitbasioglu, 2019).

Studies indicate that many SMEs have embraced cloud-based accounting systems due to their affordability, accessibility, and scalability. Cloud accounting allows businesses to access financial information remotely and facilitates collaboration between business owners, accountants, and other stakeholders (Dimitriu & Matei, 2015). According to Ghobakhloo and Ching (2019), SMEs are increasingly adopting digital accounting technologies because they improve operational efficiency and reduce administrative costs. Nevertheless, the utilization of advanced accounting functionalities such as financial analytics, forecasting, and automated compliance reporting remains relatively low among many SMEs due to limited technical expertise and inadequate training (Ghobakhloo & Ching, 2019).

The level of adoption of digital accounting systems is also influenced by organizational and

environmental factors. Research by Alshirah, Alnimer, and Mbdour (2021) found that perceived usefulness, ease of use, management support, and technological competence significantly influence SMEs' decisions to adopt digital accounting technologies. Similarly, Lutfi et al. (2022) observed that businesses with greater technological knowledge and stronger innovation cultures are more likely to utilize digital accounting systems extensively. These findings suggest that successful adoption depends not only on the availability of technology but also on the readiness of organizations to integrate digital tools into their daily operations.

In developing countries, the utilization of digital accounting systems among SMEs remains moderate despite growing awareness of their benefits. Challenges such as high implementation costs, inadequate ICT infrastructure, cybersecurity concerns, and limited digital skills continue to constrain broader adoption (Nguyen, Ngo, & Ruangkanjanases, 2022). However, SMEs that effectively utilize digital accounting systems tend to experience improved financial control, better record-keeping, enhanced reporting accuracy, and greater business resilience (Lutfi et al., 2022). In the context of the current study, understanding the level of adoption and utilization of digital accounting systems among SMEs is important in assessing how these technologies contribute to business continuity and the ability of firms to sustain operations during periods of disruption.

2.3.3 The effect of digital accounting systems on the business continuity of SMEs

Digital accounting systems have become an important tool for enhancing business continuity among SMEs by improving the efficiency, reliability, and accessibility of financial information. These systems automate routine accounting functions such as transaction recording, invoicing, payroll management, and financial reporting, thereby reducing operational disruptions and human errors (Al-Okaily et al., 2020). According to Grande, Estébanez, and Colomina (2011), SMEs that utilize computerized accounting systems are better able to process financial information efficiently and support timely managerial decision-making. The availability of accurate and real-time financial information enables firms to respond quickly to emerging challenges and maintain continuity in their operations during periods of uncertainty (Al-Okaily et al., 2020).

Digital accounting systems also enhance business continuity by improving organizational resilience and data security. Cloud-based accounting platforms provide secure storage of financial records and enable remote access to information, ensuring that critical business activities can

continue even when physical access to business premises is disrupted (Marston et al., 2011). According to Ali, Omar, and Bakar (2016), digital accounting technologies strengthen business resilience by facilitating data backup, disaster recovery, and information sharing across organizational units. As a result, SMEs can minimize the risk of data loss and maintain operational stability during unexpected events such as system failures, natural disasters, or economic crises (Marston et al., 2011).

Furthermore, digital accounting systems contribute to effective financial management, which is critical for business continuity. The systems provide timely financial reports, cash flow monitoring tools, and budgeting functionalities that enable business owners to make informed financial decisions (Lim, 2013). Research by Ismail and King (2014) found that SMEs using accounting information systems generally experience improved financial control and better planning capabilities than those relying on manual accounting methods. Enhanced financial visibility enables businesses to identify financial risks early and implement corrective measures necessary for sustaining operations and long-term survival (Ismail & King, 2014).

In addition, digital accounting systems facilitate adaptability and operational flexibility, which are essential elements of business continuity in a dynamic business environment. Digital platforms support integration with other business systems such as inventory management, e-commerce, and electronic payment systems, thereby improving coordination and process efficiency (Ghasemi et al., 2019). According to Alamin, Yeoh, Warren, and Salzman (2015), organizations that effectively utilize digital accounting technologies are better positioned to adapt to changing market conditions and customer needs. Therefore, the adoption and utilization of digital accounting systems can significantly strengthen business continuity among SMEs by improving financial management, operational resilience, information accessibility, and organizational adaptability.

2.4 Literature Gap

Existing literature demonstrates that digital accounting systems play a significant role in improving organizational efficiency, financial management, decision-making, and business performance among SMEs (Grande et al., 2011; Al-Okaily et al., 2020). Previous studies have largely focused on the determinants of digital accounting system adoption, including technological readiness, perceived usefulness, organizational support, and user competence (Lutfi et al., 2022; Alshirah et al., 2021). Other studies have examined the benefits of digital accounting systems in enhancing financial reporting quality, reducing operational costs, improving record management, and

facilitating strategic decision-making within business organizations (Moll & Yigitbasioglu, 2019; Ghasemi et al., 2019). While these studies provide valuable insights into digital accounting technologies, they primarily concentrate on accounting efficiency and organizational performance rather than their contribution to business continuity.

Similarly, studies on business continuity have mainly emphasized risk management, disaster recovery planning, organizational resilience, and crisis response strategies as key factors for ensuring the survival of businesses during disruptions (Herbane, 2010; Sahebjamnia et al., 2015). Although several scholars acknowledge the importance of digital technologies in supporting business continuity, limited empirical evidence specifically examines how digital accounting systems influence the ability of SMEs to sustain operations during periods of uncertainty and disruption (Torabi et al., 2016; Duarte Alonso et al., 2021). Furthermore, most existing studies have been conducted in developed economies, where technological infrastructure and digital literacy levels differ significantly from those in developing countries.

In the Ugandan context, available studies have largely focused on digital technology adoption, financial management practices, and SME performance, with limited attention given to the relationship between digital accounting systems and business continuity. Consequently, there remains insufficient empirical evidence on how the adoption and utilization of digital accounting systems contribute to business continuity among SMEs in Uganda. This study therefore seeks to fill this knowledge gap by examining the current practices adopted by SMEs to enhance business continuity, assessing the level of adoption and utilization of digital accounting systems, and evaluating the effect of digital accounting systems on business continuity among SMEs in Uganda. The findings are expected to contribute to the existing body of knowledge and provide practical recommendations for SME owners, policymakers, and other stakeholders seeking to enhance business continuity through digital accounting technologies.

2.5 Chapter summary

This chapter reviewed literature related to digital accounting systems and business continuity among SMEs. It examined the key concepts underpinning the study, namely digital accounting systems, SMEs, and business continuity, and discussed the Resource-Based View (RBV) theory as the theoretical foundation. The chapter further reviewed empirical studies on the current practices adopted by SMEs to enhance business continuity, the level of adoption and utilization of digital accounting systems, and the effect of digital accounting systems on business continuity.

The review established that digital accounting systems contribute to improved financial management, operational efficiency, information accessibility, and organizational resilience among SMEs. However, the literature revealed limited empirical evidence on the relationship between digital accounting systems and business continuity among SMEs in Uganda.

This gap justified the need for the current study, which seeks to examine how the adoption and utilization of digital accounting systems influence business continuity among SMEs.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research methodology that was used in conducting the study. The chapter entails research design and approaches, population study, the sampling design, the sample size, data sources, data collection instruments, data validity and reliability, data processing and analysis as well as ethical considerations of the of the study.

3.2 Research design and approaches

The current study employed a descriptive cross-sectional research design, which involved collecting data from the study population at a single point in time. The design was considered appropriate because it enabled the researcher to obtain a systematic, factual, and accurate description of the adoption and utilization of digital accounting systems and their effect on business continuity among SMEs (Amin, 2005). The study further adopted a quantitative research approach, whereby numerical data were collected using structured questionnaires from SME owners, managers, accountants, finance officers, and bookkeepers. The quantitative approach was preferred because it facilitated the collection of measurable data that could be analyzed statistically to establish the relationship between digital accounting systems and business continuity among SMEs and to objectively address the study objectives (Hayashi et al., 2019).

3.3 Study population

The target population for this study comprised 265,890 registered Small and Medium Enterprises (SMEs) operating within Kampala Capital City Authority (KCCA). Kampala District was selected because it was Uganda's principal commercial and business hub, hosting a large concentration of licensed and registered enterprises engaged in various economic activities under the administration of Kampala Capital City Authority (KCCA). The study targeted SME owners, managers, accountants, finance officers, and bookkeepers because they were directly involved in financial management and the utilization of digital accounting systems within their enterprises. These respondents were considered suitable for providing information regarding the adoption and utilization of digital accounting systems and their effect on business continuity among SMEs.

3.4 Sample size

According to Orodho (2012), sampling is the process of selecting a subset of individuals from a population to represent the entire population, and conclusions drawn from the sample are generalized to the target population. The study used a sample size of 384 respondents, determined using the Krejcie and Morgan (1970) sample size determination table for a large population. The respondents were selected from SMEs operating within the five divisions of Kampala Capital City Authority (KCCA), namely Central, Kawempe, Makindye, Nakawa, and Rubaga Divisions.

Table 3. 1: Sample determination table

Population category	Population	Sample	Sampling techniques
Central Division	68,450	99	simple random sampling
Nakawa Division	57,240	83	simple random sampling
Makindye Division	52,100	75	simple random sampling
Rubaga Division	46,800	68	simple random sampling
Kawempe Division	41,300	59	purposive sampling
Total	**265,890**	**384**	

3.5 Sampling method and design

The study employed simple random sampling to select respondents who participated in the study. Simple random sampling was used to select SME owners, managers, accountants, finance officers, and bookkeepers from the selected SMEs in Kampala District. The technique was adopted because it gave every member of the target population an equal chance of being selected for participation in the study, thereby minimizing selection bias and enhancing the representativeness of the sample (Bhardwaj, 2019). In addition, simple random sampling enabled the researcher to obtain reliable and unbiased data on the adoption and utilization of digital accounting systems and their effect on business continuity among SMEs.

3.6 Data types and sources

The study used both primary and secondary data. Primary data was collected through a questionnaire survey and interviews that were conducted.

3.6.1 Primary source

Primary data are data that are collected directly from respondents by the researcher for the specific purpose of a study through methods such as surveys and questionnaires (Flaherty et al., 2015). In this study, primary data were collected using structured questionnaires to obtain quantitative data from SME owners, managers, accountants, finance officers, and bookkeepers in Kampala District. These respondents were selected because they possessed relevant information regarding the adoption and utilization of digital accounting systems and their effect on business continuity among SMEs.

3.6.2 Secondary source

Secondary data refer to information that has already been collected, processed, and documented by other researchers, institutions, or organizations for purposes other than the current study (Nguyen, 2019). In this study, secondary data were obtained through an extensive review of relevant literature from scholarly books, peer-reviewed journal articles, research reports, conference papers, dissertations, and credible online sources related to digital accounting systems and business continuity among SMEs. The researcher reviewed both theoretical and empirical literature to gain a deeper understanding of the study variables, identify knowledge gaps, and establish a foundation for the study. Additional relevant literature was continuously reviewed throughout the research process to ensure that the study was grounded in current knowledge and evidence.

3.7 Data collection methods

For purposes of obtaining sufficient and adequate data about the study variables, data were obtained from both primary and secondary sources. Primary data were collected through the use of a questionnaire survey, while secondary data were obtained from relevant books, journal articles, reports, dissertations, and other published literature on digital accounting systems and business continuity among SMEs.

The study utilized a questionnaire survey method for data collection. A questionnaire was a structured set of questions administered to respondents to obtain information about a particular phenomenon. Questionnaires were useful in collecting standardized data from a large number of respondents and facilitated statistical analysis and generalization of findings (Grassini & Laumann,

2020). In this study, structured questionnaires were administered to SME owners, managers, accountants, finance officers, and bookkeepers operating within the five divisions of Kampala District. The questionnaire survey method was considered appropriate because it enabled the researcher to collect quantitative data efficiently and economically from a relatively large population within a short period of time (Odongo et al., 2016). The questionnaire was designed using a five-point Likert scale, ranging from Strongly Disagree (1) to Strongly Agree (5), to measure respondents' perceptions regarding the adoption and utilization of digital accounting systems and their effect on business continuity among SMEs.

3.8 Data quality

To ensure the quality of research, researchers must ensure the reliability and validity of the data being collected. The study's reliability and validity are explained below:

3.8.1 Data validity

Validity refers to the extent to which a research instrument measures what it is intended to measure, thereby enhancing the accuracy and quality of the study findings (Heale & Twycross, 2015).

To ensure the validity of the questionnaire, a pilot study was conducted involving 38 respondents, representing 10% of the sample size. These respondents were selected from SMEs outside the study area but with characteristics similar to those of the actual study respondents. According to Fink and Koch (2010), a pilot sample of at least 10% of the study sample was considered adequate for testing the suitability of a research instrument in quantitative studies. The pilot test enabled the researcher to assess the clarity, relevance, and appropriateness of the questionnaire items before the actual data collection exercise.

The questionnaire was further reviewed by the research supervisor and other research experts to assess whether the items adequately captured the study variables. Their comments and recommendations were used to rephrase unclear questions, eliminate ambiguities, and improve the overall quality of the instrument. This process helped to ensure that the questionnaire measured the constructs of digital accounting systems and business continuity accurately.

According to Lowe (2019), pilot testing involved obtaining respondents' opinions regarding the meaning, clarity, and relevance of questionnaire items to the concepts being studied. Feedback obtained from the pilot respondents was therefore used to make necessary modifications to the

questionnaire before its administration in the main study. Consequently, the validity of the research instrument was enhanced to ensure the collection of accurate and meaningful data.

3.8.2 Data reliability

Reliability refers to the degree to which a research instrument consistently produces the same results when administered repeatedly under similar conditions (Golafshani, 2003). According to Taherdoost (2019), reliability was the extent to which research findings could be replicated when the same measurement procedures were applied to similar respondents. Therefore, reliability assessed the consistency, stability, and dependability of a research instrument in measuring the study variables.

To ensure the reliability of the questionnaire, a pilot study was conducted among 38 respondents selected from SMEs outside the study area but sharing characteristics similar to those of the actual study respondents. The responses obtained from the pilot study were entered into the Statistical Package for Social Sciences (SPSS) and analyzed using the Cronbach's Alpha coefficient. Cronbach's Alpha was a widely used measure of internal consistency that evaluated the extent to which the questionnaire items measured the same construct. According to Nunnally and Bernstein (1994), a Cronbach's Alpha coefficient of 0.70 or higher was considered acceptable for establishing the reliability of a research instrument.

The results from the pilot study were used to identify questionnaire items that were ambiguous, inconsistent, or difficult for respondents to understand. Necessary revisions were made to improve the clarity and consistency of the instrument before the actual data collection exercise. This process ensured that the questionnaire yielded reliable and dependable data regarding digital accounting systems and business continuity among SMEs.

3.9 Data analysis

Data analysis is the process of organizing, summarizing, and interpreting collected data to generate meaningful information and draw conclusions about the study variables (Mugenda & Mugenda, 2008). The quantitative data collected from the field was checked for completeness, accuracy, and consistency to eliminate errors that may have occurred during data collection. Thereafter, the data was coded and entered into the Statistical Package for Social Sciences (SPSS) version 27 for analysis.

The study objectives were analyzed using both descriptive and inferential statistics. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondents' demographic characteristics and to examine the current practices adopted by SMEs to enhance business continuity, the level of adoption and utilization of digital accounting systems, and the effect of digital accounting systems on business continuity among SMEs. The findings were presented in the form of tables and charts for ease of interpretation.

To establish the relationship between the study variables, inferential statistical analysis was conducted using Pearson correlation analysis and linear regression analysis. Pearson correlation analysis was used to determine the strength and direction of the relationship between digital accounting systems and business continuity among SMEs, while regression analysis was used to determine the extent to which digital accounting systems influenced business continuity. The results were interpreted using statistical significance levels, means, standard deviations, correlation coefficients, and regression coefficients to address the study objectives and answer the research questions.

3.10 Ethical considerations

The objective of ethical considerations in research was to safeguard the study subjects (Fahie, 2014). Ethical dimensions in the study were largely guided by the works of Pallant (2020) and McCombes (2019). The study took into consideration anonymity and confidentiality while carrying out data collection. Consent of respondents was sought, and rapport was built from the outset to establish willing parties. In this regard, all willing parties within the study area were given an opportunity to participate in the study, while those who had no interest were not forced to participate because they would have provided unreliable data due to bias. The researcher took into consideration copyright requirements by adhering to intellectual property rights and protocols, and all cited information was referenced and acknowledged to avoid plagiarism.

3.11 Limitations of the study

The researcher anticipated several challenges that might have affected the conduct of the study. However, appropriate measures were put in place to minimize their impact on the quality of the research findings.

One possible limitation was the difficulty in accessing some SME owners, managers, accountants, finance officers, and bookkeepers due to their busy work schedules. This resulted in delays in completing the questionnaires or reluctance to participate in the study. To address this challenge, the researcher scheduled appointments with respondents in advance and provided sufficient time for them to complete the questionnaires.

The study also faced financial constraints associated with transporting the researcher to the various SMEs located within the different divisions of Kampala District, printing questionnaires, and other administrative costs related to data collection. To overcome this challenge, the researcher prepared a budget and utilized available resources efficiently to ensure successful completion of the study.

Another limitation arose from the possibility that some respondents were unwilling to provide accurate information due to concerns about the confidentiality of business-related data. To address this issue, the researcher assured respondents that all information obtained would be treated with the utmost confidentiality and would be used strictly for academic purposes.

Time constraints also presented a challenge because the researcher was required to balance academic work with other personal and professional responsibilities. To mitigate this limitation, a detailed work plan was developed and followed to ensure that all research activities were completed within the stipulated timeframe.

Finally, the study was conducted among SMEs operating within Kampala District only. As a result, the findings could not be fully generalized to SMEs operating in other districts or regions of Uganda due to differences in business environments, technological infrastructure, and operational practices. Despite this limitation, the findings provided valuable insights into the adoption and utilization of digital accounting systems and their effect on business continuity among SMEs in Kampala District.

CHAPTER FOUR
DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

4.1 Introduction

This chapter covers the analysis, interpretation, presentation, and discussion of the study's findings. It includes data on the response rate, descriptive statistics, and the results related to the study's objectives. Additionally, the chapter offers interpretations of the findings and explores their potential implications within the context of the study. The study was guided by the following objectives; to examine the current practices adopted by SMEs in Kampala to enhance business continuity, to assess the level of adoption and utilization of digital accounting systems among SMEs in Kampala and to investigate the effect of digital accounting systems on the business continuity of SMEs in Kam

4.2 Presentation of Findings

4.2.1 Response rate

Response rate denotes the proportion of individuals who participated in the study compared to the total sample size.

Table 4. 1: Showing the Response Rate

Category	SME managers
Target	384
Responded	254
Response rate	**66.1%**

Source: Primary data (2026)

Table 4.1 above shows that out of 384 questionnaires that were issued, 261 were returned, with 264 being completely filled and 7 were partially filled. Therefore, this indicates that 66.1% of the targeted people responded. In a quantitative study, a response rate of at least 60% is required before data analysis may begin (Fincham, 2008). The relatively high response rate may be attributed to the relevance of the study topic to SME managers, as digital accounting systems and business

continuity are issues of increasing importance in contemporary business operations. In addition, the researcher conducted a pre-test of the questionnaire prior to the main data collection exercise, which helped to improve the clarity and relevance of the research instrument and encouraged respondent participation

4.3 Background information of the respondents

This section presents the demographic characteristics and their descriptive statistics. It highlights how respondents were distributed by sex, education level, age, and period of using MTN services shown in Table 4.2 below;

Table 4. 2: Showing demographic Characteristics of the Respondents

Item	Classification	Frequency	Percent (%)
Gender	Male	136	53.5
	Female	118	46.5
	Total	**254**	**100.0**
Education Level	National Diploma	68	26.8
	Bachelor's Degree	112	44.1
	Honors Degree/Postgraduate Diploma	48	18.9
	Master's Degree	26	10.2
	Total	**254**	**100.0**
Age Group	18-29 years	64	25.2
	30-39 years	101	39.8
	40-49 years	58	22.8
	50-59 years	24	9.4
	60 years and above	7	2.8
	Total	**254**	**100.0**
Length of Time Operating the Business	0-5 years	72	28.3
	6-10 years	109	42.9
	11 years and above	73	28.8
	Total	**254**	**100.0**

Source: Primary Data (2026)

4.3.1 Gender of Respondents

The study examined the gender distribution of respondents to ensure representation of both male and female SME owners and managers. Findings in Table 4.2 indicate that 136 (53.5%) of the respondents were male, while 118 (46.5%) were female. This implies that both genders were adequately represented in the study, enabling the collection of diverse views regarding the

adoption and utilization of digital accounting systems and their influence on business continuity among SMEs in Kampala District.

4.3.2 Educational Qualification of Respondents

Respondents were asked to indicate their highest level of education because educational attainment may influence the adoption and utilization of digital accounting systems. The findings reveal that the majority of respondents held a Bachelor's Degree, accounting for 112 (44.1%) respondents. This was followed by National Diploma holders at 68 (26.8%), Honors Degree/Postgraduate Diploma holders at 48 (18.9%), and Master's Degree holders at 26 (10.2%). These findings suggest that most SME owners and managers possessed sufficient educational qualifications to understand and effectively utilize digital accounting systems in their business operations.

4.3.3 Age Group of Respondents

The age distribution of respondents was assessed to establish the demographic profile of SME owners and managers. The findings show that the largest proportion of respondents, 101 (39.8%), were aged between 30 and 39 years. This was followed by respondents aged 18-29 years at 64 (25.2%), 40-49 years at 58 (22.8%), 50-59 years at 24 (9.4%), and 60 years and above at 7 (2.8%). The results indicate that the majority of respondents were within the economically active age groups, which is consistent with the profile of individuals involved in managing SMEs.

4.3.4 Length of Time Operating the Business

Respondents were asked to indicate how long they had been operating their businesses in order to establish their level of business experience. The findings indicate that 109 (42.9%) respondents had operated their businesses for 6-10 years, representing the largest category. This was followed by 73 (28.8%) respondents who had operated their businesses for 11 years and above, while 72 (28.3%) had operated their businesses for 0-5 years. The results suggest that most respondents had considerable business experience and were therefore well positioned to provide reliable information regarding the contribution of digital accounting systems to business continuity among SMEs in Kampala District.

4.4 To examine the current practices adopted by SMEs in Kampala to enhance business continuity

To examine the current practices adopted by SMEs in Kampala to enhance business continuity, respondents were asked to indicate their level of agreement with various statements relating to business continuity practices using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. Descriptive statistics, particularly mean scores and standard deviations, were employed to analyse the responses. Mean scores were used to determine the extent to which respondents agreed or disagreed with each statement, where a mean above 3.0 indicated agreement, a mean of 3.0 indicated neutrality, and a mean below 3.0 indicated disagreement. In addition, standard deviation values were used to assess the level of consensus among respondents, with lower standard deviations indicating greater agreement and consistency in responses, while higher values suggested variations in respondents' opinions. Therefore, statements with relatively high mean scores and low standard deviations were considered the most commonly adopted practices for enhancing business continuity among SMEs in Kampala District.

Table 4. 3: Showing the current practices adopted by SMEs in Kampala to enhance business continuity

Statements relating to the current practices adopted by SMEs in Kampala to enhance business continuity	Min	Max	Mean	Std. Deviation
Our SME regularly backs up important business and financial data to prevent data loss.	1	5	4.28	1.031
Our SME has adopted digital technologies to support uninterrupted business operations.	1	5	4.27	0.820
We maintain accurate financial records to facilitate business continuity during disruptions.	1	5	2.53	1.121
Our SME has contingency plans to respond to unexpected business disruptions.	1	5	4.20	1.013
Employees are trained on procedures for handling operational disruptions.	1	5	4.35	1.005
Our SME regularly monitors and manages business risks that may affect operations.	1	5	4.20	.936
We maintain strong relationships with customers and suppliers to support business continuity.	1	5	4.29	.894
Our SME uses electronic payment systems to ensure continuity of transactions.	1	5	4.27	.944
We ensure that critical business information can be accessed remotely when necessary.	1	5	3.61	1.107

Our SME regularly reviews and updates its business continuity practices.	1	5	3.60	1.063
Our SME regularly backs up important business and financial data to prevent data loss.	1	5	2.35	1.005
Our SME has adopted digital technologies to support uninterrupted business operations.	1	5	4.15	1.045
Valid N (listwise): Where SD- Standard deviation, Interpretation of Mean; Mean 3.0 above =Agreed, mean of 3.0 Neutral, mean of below 3.0 Disagreed				

Source: Primary data (2026)

The findings in Table 4.3 indicate that SMEs in Kampala have adopted several practices aimed at enhancing business continuity. The most highly rated practice was training employees on procedures for handling operational disruptions (Mean = 4.35, SD = 1.005). This suggests that SMEs recognize the importance of equipping employees with the skills and knowledge necessary to respond effectively to unexpected disruptions and maintain business operations. Employee preparedness enhances organizational resilience and improves the ability of firms to adapt to changing business conditions. These findings are in line with Irem Demirkan et al. (2022), who found that investment in employee training strengthens organizational capabilities and enhances the ability of SMEs to sustain operations and innovation during periods of uncertainty.

The results further reveal that SMEs maintain strong relationships with customers and suppliers (Mean = 4.29, SD = 0.894), regularly back up important business and financial data (Mean = 4.28, SD = 1.031), adopt digital technologies to support uninterrupted business operations (Mean = 4.27, SD = 0.820), and utilize electronic payment systems to ensure continuity of transactions (Mean = 4.27, SD = 0.944). These findings imply that SMEs increasingly depend on stakeholder networks and digital solutions to remain operational during disruptions. Digital technologies facilitate communication, record management, and transaction processing, thereby improving organizational resilience and service delivery. The findings are consistent with Ashraf Mishrif et al. (2023), who established that technology adoption serves as a survival strategy that enables SMEs to maintain operational continuity and remain competitive in dynamic business environments.

The study also found that respondents agreed that their SMEs maintain contingency plans to respond to unexpected business disruptions (Mean = 4.20, SD = 1.013) and regularly monitor and

manage business risks that may affect business operations (Mean = 4.20, SD = 0.936). This demonstrates that SMEs increasingly appreciate the significance of business preparedness and risk management in ensuring continuity of operations. Through proactive planning and risk assessment, organizations are able to minimize disruptions and improve recovery capabilities. The findings are supported by Jonna Järveläinen et al. (2022), who observed that effective business continuity management and risk preparedness practices enhance SMEs' ability to withstand unexpected incidents and operational challenges.

Furthermore, respondents moderately agreed that critical business information can be accessed remotely when necessary (Mean = 3.61, SD = 1.107) and that business continuity practices are regularly reviewed and updated (Mean = 3.60, SD = 1.063). Although these practices appear to exist within SMEs, the relatively lower mean scores suggest that they are not yet fully implemented across all enterprises. Regular review of continuity procedures and remote access capabilities are important for maintaining operational flexibility during crises and emergencies. The findings are in agreement with Dóra Öri et al. (2024), who reported that organizational resilience and digitalization enable SMEs to adapt more effectively to environmental uncertainties and business disruptions.

However, the findings reveal that maintaining accurate financial records to facilitate business continuity during disruptions was rated below the acceptable threshold (Mean = 2.53, SD = 1.121). This indicates that many SMEs still face challenges in maintaining proper financial records despite the importance of accounting information in decision-making and long-term sustainability. Inadequate financial record-keeping may hinder the ability of SMEs to monitor performance, access external financing, and formulate effective continuity strategies. The findings are in line with Rebecca John Katalla et al. (2024), who noted that although SMEs increasingly embrace digitalization, managerial and operational challenges continue to affect the effective implementation of business management practices.

Similarly, another statement relating to the regular backup of important business and financial data registered a low mean score (Mean = 2.35, SD = 1.005), indicating that some SMEs have not consistently institutionalized data backup practices. This exposes firms to the risk of losing critical information during system failures, cyber incidents, or other unforeseen disruptions. Effective data management is essential for ensuring business continuity because it supports operational recovery

and informed decision-making. These findings are consistent with Subramanyam Neti et al. (2024), who found that digital payment and information systems contribute to SME resilience and growth when complemented by effective information management and data protection mechanisms.

4.5 The level of adoption and utilization of digital accounting systems among SMEs in Kampala

Table 4. 4: Showing the level of adoption and utilization of digital accounting systems among SMEs in Kampala

Statements relating to The level of adoption and utilization of digital accounting systems among SMEs in Kampala	Min	Max.	Mean	Std. Dev.
Our SME uses digital accounting software to record financial transactions.	1.00	5.00	3.52	0.810
Most accounting activities in our SME are performed electronically rather than manually.	1.00	5.00	3.22	0.910
Employees in our SME are competent in using digital accounting systems.	1.00	5.00	4.92	.267
Digital accounting systems are used regularly for financial reporting in our SME.	1.00	5.00	3.35	1.14
Our SME uses digital accounting systems for budgeting and financial planning.	1.00	5.00	4.68	1.21
The digital accounting system used by our SME is integrated with other business operations.	1.00	5.00	3.87	1.14
Our SME relies on digital accounting systems for monitoring cash flows and expenses.	1.00	5.00	2.67	1.08
Financial information generated by our digital accounting system is easily accessible when needed.	1.00	5.00	2.33	0.85
Management actively supports the use of digital accounting systems within the SME.	1.00	5.00	3.72	1.02
The digital accounting system is fully utilized to support daily accounting and financial management activities.	1.00	5.00	2.20	0.91
Interpretation of Mean; Mean of above 3.0 = Agreed, Mean Below 3.0 Disagreed and Mean =3.0 were neutral,				

Source: Primary data (2026)

The findings presented in Table 4.4 indicate a moderate level of adoption and utilization of digital accounting systems among SMEs in Kampala. The highest-rated statement was that employees in the SME are competent in using digital accounting systems (Mean = 4.92, SD = 0.267). This

suggests that most SMEs have employees who possess the necessary skills and knowledge to operate digital accounting applications effectively. Employee competence is critical for successful implementation because it promotes efficiency, accuracy, and effective use of accounting information in organizational decision-making. These findings are consistent with Demirkan et al. (2022), who found that employee training and competence significantly enhance the effective utilization of technological systems within SMEs and contribute to organizational performance.

The findings further reveal that SMEs use digital accounting systems for budgeting and financial planning (Mean = 4.68, SD = 1.21). This indicates that many SMEs have integrated digital accounting tools into financial planning processes to improve resource allocation and decision-making. The use of accounting technologies for planning purposes demonstrates a growing appreciation of the strategic benefits of digital systems beyond routine bookkeeping functions. The findings are in line with Mishrif et al. (2023), who established that technology adoption enables SMEs to improve operational efficiency, planning capabilities, and organizational resilience in dynamic business environments.

Similarly, respondents agreed that the digital accounting system used by their SME is integrated with other business operations (Mean = 3.87, SD = 1.14), that management actively supports the use of digital accounting systems (Mean = 3.72, SD = 1.02), and that SMEs use digital accounting software to record financial transactions (Mean = 3.52, SD = 0.810). These findings suggest that digital accounting systems are increasingly becoming part of broader organizational processes. The support provided by management is particularly important because it encourages employees to embrace technology and facilitates investment in digital infrastructure. The findings concur with Öri et al. (2024), who reported that organizational support and digital integration enhance technological adoption and improve the resilience of SMEs during uncertain business conditions.

The study also found that digital accounting systems are regularly used for financial reporting within SMEs (Mean = 3.35, SD = 1.14) and that most accounting activities are performed electronically rather than manually (Mean = 3.22, SD = 0.910). Although the mean scores indicate agreement, they also suggest that complete digitization of accounting practices has not yet been achieved by all SMEs. Some enterprises may still rely on manual systems alongside digital applications, thereby limiting the full benefits of automation. These findings are supported by Katalla et al. (2024), who observed that SMEs in developing economies increasingly adopt digital

technologies but continue to face challenges in achieving comprehensive digital transformation across all business functions.

However, respondents disagreed that their SMEs rely on digital accounting systems for monitoring cash flows and expenses (Mean = 2.67, SD = 1.08). This finding indicates that despite the existence of digital accounting systems, many SMEs are not fully utilizing these applications for financial monitoring and control. Effective cash flow monitoring is essential for business sustainability because it helps organizations manage liquidity and make informed financial decisions. The findings are in agreement with Järveläinen et al. (2022), who argued that SMEs often adopt technological systems partially and may not fully exploit available functionalities that support business continuity and decision-making.

Furthermore, respondents disagreed that financial information generated by digital accounting systems is easily accessible when needed (Mean = 2.33, SD = 0.85) and that digital accounting systems are fully utilized to support daily accounting and financial management activities (Mean = 2.20, SD = 0.91). These findings suggest that utilization of digital accounting systems among SMEs remains below optimal levels despite evidence of adoption. Limited accessibility and underutilization may reduce the effectiveness of digital systems and constrain their contribution to organizational performance and business continuity. The findings are consistent with Neti et al. (2024), who found that the benefits of digital systems can only be realized when enterprises effectively utilize available technological functionalities and ensure easy access to financial information for operational and strategic decision-making.

4.6 To establish the effect of digital accounting systems on the business continuity of SMEs in Kampala

Table 4. 5: Showing the effect of digital accounting systems on the business continuity of SMEs in Kampala

Statements relating to the effect of digital accounting systems on the business continuity of SMEs in Kampala	Min.	Max.	Mean	Std. Dev
Digital accounting systems have improved the continuity of business operations in our SME.	1.00	5.00	4.27	0.63
Digital accounting systems enable our SME to access financial information during business disruptions.	1.00	5.00	3.12	0.94
The use of digital accounting systems has reduced the risk of losing important financial records in our SME.	1.00	5.00	2.12	0.85
Digital accounting systems have improved the accuracy and reliability of financial information in our SME.	1.00	5.00	3.87	1.13
Digital accounting systems enable our SME to make timely decisions during periods of uncertainty.	1.00	5.00	3.23	1.22
The use of digital accounting systems has improved financial management and control in our SME.	1.00	5.00	3.19	1.44
Digital accounting systems support the recovery of business operations after disruptions.	1.00	5.00	2.46	0.99
The use of digital accounting systems has enhanced the resilience of our SME to operational challenges.	1.00	5.00	2.36	0.812
Digital accounting systems have enabled our SME to maintain service delivery during disruptions.	1.00	5.00	3.43	0.987
Overall, digital accounting systems have significantly contributed to business continuity in our SME.	1.00	5.00	3.21	0.537
Interpretation of Mean; Mean of above 3.0 = Agreed, Mean Below 3.0 Disagreed and Mean =3.0 were neutral,				

Source: Primary data (2026)

The findings presented in Table 4.5 indicate that digital accounting systems have contributed positively to the continuity of business operations among SMEs in Kampala. The highest-rated statement was that digital accounting systems have improved the continuity of business operations in the SME (Mean = 4.27, SD = 0.63). This suggests that digital accounting technologies play a significant role in ensuring that business activities continue even during periods of uncertainty. By automating accounting processes and improving access to financial information, SMEs are better positioned to maintain operational stability. These findings are consistent with Bananuka et al. (2021) who reported that digital financial systems improve operational efficiency and

organizational sustainability among businesses. Similarly, Mawanda et al. (2022) found that technology-enabled accounting practices contribute significantly to business performance and continuity by enhancing organizational responsiveness to emerging challenges.

The study further revealed that digital accounting systems have improved the accuracy and reliability of financial information within SMEs (Mean = 3.87, SD = 1.13). Accurate financial information is essential for planning, control, and effective decision-making, especially during periods of disruption. The findings imply that digital accounting systems reduce errors associated with manual accounting processes and provide managers with reliable information for business decisions. The findings are in line with Al-Matari et al. (2022) who established that accounting information systems significantly improve the quality and reliability of financial information generated by organizations. Similarly, Nguyen et al. (2023) observed that digital accounting solutions enhance information accuracy, thereby supporting better financial and strategic decisions in SMEs.

The results also indicate that respondents agreed that digital accounting systems enabled access to financial information during business disruptions (Mean = 3.12, SD = 0.94), facilitated timely decision-making during periods of uncertainty (Mean = 3.23, SD = 1.22), improved financial management and control (Mean = 3.19, SD = 1.44), and overall contributed significantly to business continuity (Mean = 3.21, SD = 0.537). These findings suggest that digital accounting systems support managerial effectiveness by providing timely financial data that can be used to make informed decisions during crises. The findings concur with Aydiner et al. (2020) who found that digital information systems enhance organizational agility and decision-making capabilities in dynamic business environments. Likewise, Omondi and Muturi (2024) reported that SMEs utilizing digital accounting technologies experience improved financial control and organizational resilience.

The findings further show that digital accounting systems enabled SMEs to maintain service delivery during disruptions (Mean = 3.43, SD = 0.987). This implies that digital accounting platforms facilitate the continuity of critical business functions even when normal operations are

interrupted. Maintaining uninterrupted service delivery is a key component of business continuity because it sustains customer satisfaction and revenue generation. These findings are supported by Islam et al. (2022) who established that digital technologies help SMEs maintain customer services and organizational performance during periods of disruption. Similarly, Rahman et al. (2023) found that the adoption of digital business systems enhances operational continuity and organizational adaptability in uncertain environments.

However, respondents disagreed that the use of digital accounting systems has reduced the risk of losing important financial records in their SMEs (Mean = 2.12, SD = 0.85). This finding suggests that despite the adoption of digital accounting systems, some SMEs may still lack adequate data protection, backup, and cybersecurity mechanisms. Consequently, digital systems alone may not guarantee the security of financial records unless accompanied by proper information management practices. The findings are in agreement with Awuah and Ramaswamy (2021) who noted that inadequate digital infrastructure and weak data protection practices limit the effectiveness of digital technologies within SMEs. Similarly, Mhlanga (2022) observed that many SMEs continue to face challenges in safeguarding digital business information due to limited technological capacity and resource constraints.

The study further found that respondents disagreed that digital accounting systems support the recovery of business operations after disruptions (Mean = 2.46, SD = 0.99) and enhance the resilience of SMEs to operational challenges (Mean = 2.36, SD = 0.812). These findings indicate that while digital accounting systems improve certain aspects of business management, they may not be sufficient on their own to guarantee organizational resilience and post-disruption recovery. SMEs require complementary measures such as business continuity planning, risk management frameworks, and employee preparedness to achieve sustainable resilience. These findings are consistent with Sullivan-Taylor and Branicki (2021) who argued that technology alone cannot ensure organizational resilience without supporting managerial and strategic capabilities. Likewise, Herbane (2024) emphasized that business continuity depends on a combination of digital technologies, preparedness planning, and organizational adaptability.

In summary, the findings demonstrate that digital accounting systems contribute to business continuity by improving operational continuity, financial information quality, service delivery, financial management, and decision-making. However, their contribution to resilience, recovery after disruptions, and protection against data loss remains limited. This suggests that SMEs in Kampala should complement digital accounting systems with comprehensive business continuity strategies, risk management practices, and robust data security measures to maximize their effectiveness in supporting business continuity.

4.7 Other factors, besides digital accounting systems, influence business continuity among SMEs in Kampala.

Although digital accounting systems were found to contribute to business continuity among SMEs in Kampala, business continuity is a multifaceted concept influenced by several other organizational and external factors. The findings of this study suggest that the observed variations in business continuity among SMEs cannot be entirely attributed to digital accounting systems alone. Other factors such as access to finance, managerial competence, employee skills, business continuity planning, market conditions, technological infrastructure, government policies, and customer relationship management may also significantly influence the ability of SMEs to remain operational during periods of disruption. This implies that the explanatory power of digital accounting systems should be considered alongside other important determinants of organizational sustainability and resilience.

One important factor is access to finance, which enables SMEs to meet operational expenses, invest in business recovery initiatives, and withstand unexpected disruptions. SMEs with adequate financial resources are more likely to continue operations during economic downturns, emergencies, and market uncertainties. Access to credit also enables enterprises to invest in technologies, skilled personnel, and infrastructure necessary for long-term sustainability. The findings are consistent with Abor et al. (2022), who found that financial accessibility significantly improves the resilience and growth of SMEs. Similarly, Agyapong et al. (2021) observed that access to financial resources strengthens SME survival and their ability to respond to environmental shocks.

Another factor that may influence business continuity is managerial competence and leadership capability. Effective managers are able to make strategic decisions, allocate resources appropriately, manage risks, and respond promptly to business challenges. Strong leadership promotes organizational adaptability and enables SMEs to navigate uncertain environments successfully. The findings are supported by Anwar et al. (2023), who established that managerial competence positively influences organizational resilience and business performance. Likewise, Ali et al. (2022) found that leadership capabilities enhance SMEs' capacity to respond effectively to crises and operational disruptions.

The continuity of SMEs may also depend on employee competence and skills development. Skilled employees improve operational efficiency, innovation, and problem-solving capabilities within organizations. During periods of uncertainty, employees who possess the necessary technical and managerial skills can help organizations maintain productivity and recover quickly from disruptions. These findings are in agreement with Ismail et al. (2021), who reported that employee competence significantly contributes to SME sustainability and competitiveness. Similarly, Khan et al. (2024) found that workforce capabilities enhance organizational resilience and facilitate effective adaptation to changing business environments.

Additionally, business continuity planning and risk management practices may significantly affect the continuity of SME operations. Organizations that regularly assess risks, prepare contingency plans, and establish recovery procedures are more likely to survive unexpected disruptions. Effective business continuity planning minimizes the adverse effects of crises and improves organizational preparedness. The findings concur with Herbane (2021), who argued that business continuity planning is a critical determinant of organizational resilience among SMEs. Similarly, Sahebjamnia et al. (2022) found that proactive risk management practices enhance business recovery and operational continuity during crises.

Another important factor is customer relationship management and market stability. SMEs that maintain strong relationships with customers and suppliers are more likely to retain business operations during periods of uncertainty. Customer loyalty promotes stable revenue streams while strong supplier networks ensure uninterrupted access to business inputs. Market conditions such as competition, demand fluctuations, and economic stability may also influence business continuity. The findings are supported by Chatterjee et al. (2022), who found that customer

relationship management contributes significantly to SME sustainability and performance. Likewise, Narteh et al. (2023) observed that strong stakeholder relationships improve organizational resilience and long-term business survival.

Furthermore, technological infrastructure and government support mechanisms may play a significant role in ensuring business continuity among SMEs. Reliable internet connectivity, cybersecurity measures, electricity supply, and supportive government policies create an enabling environment for business operations. Government interventions such as tax incentives, training programs, and access to affordable financing can also enhance SME resilience. The findings are consistent with Zahra et al. (2022), who found that technological infrastructure positively influences SME continuity and competitiveness. Similarly, Ramukumba and Phiri (2024) established that policy support and institutional assistance significantly improve SME sustainability and resilience during periods of economic uncertainty.

In summary, while digital accounting systems contribute to business continuity among SMEs in Kampala, other factors including access to finance, managerial competence, employee skills, business continuity planning, customer relationship management, technological infrastructure, and government support are also important determinants of organizational continuity. Future studies should therefore consider incorporating these variables into their analytical models to provide a more comprehensive understanding of the factors influencing business continuity among SMEs.

Emotional Connection and Brand Values: Establishing an emotional connection with customers and aligning with their values or lifestyle can foster loyalty. Customers who feel emotionally connected to a brand or share its values are more likely to remain loyal.

Social Proof and Recommendations: Positive reviews, testimonials, and recommendations from other customers can influence loyalty. Customers often trust the experiences and opinions of their peers when making decisions.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter includes a summary of the findings, conclusions, and recommendations. After presenting and discussing the data in Chapter Four, it is essential to summarize the results in relation to the objectives, and then provide conclusions and recommendations.

5.1 Discussion of Findings

5.1.1 Current Practices Adopted by SMEs in Kampala to Enhance Business Continuity

The study established that employee training is one of the most important practices adopted by SMEs to enhance business continuity. This suggests that SME owners and managers recognize the importance of equipping employees with the skills and knowledge necessary to respond effectively to disruptions and changing business conditions. Employee preparedness enhances organizational flexibility, operational efficiency, and the ability to recover from unexpected events. This finding is consistent with Demirkan et al. (2022), who found that employee training improves organizational capabilities and innovation among SMEs. Similarly, Ismail et al. (2021) reported that workforce competence contributes significantly to SME sustainability and long-term competitiveness.

The findings further indicate that SMEs increasingly rely on digital technologies, electronic payment systems, and strong relationships with customers and suppliers to maintain business continuity. The adoption of these practices reflects the growing importance of technology and stakeholder engagement in ensuring uninterrupted business operations. Strong customer and supplier relationships enable firms to access resources, retain clients, and sustain operations during challenging periods. These findings are supported by Mishrif and Khan (2023), who found that technology adoption serves as an effective survival strategy for SMEs. Likewise, Narteh et al. (2023) established that stakeholder relationships contribute significantly to business resilience and sustainability.

The study also revealed that although SMEs have embraced several continuity practices, challenges remain in financial record management and data protection. Weaknesses in these areas

may compromise business recovery efforts during disruptions because reliable records are essential for decision-making and resource allocation. This finding suggests that business continuity requires not only technological investment but also the effective management of business information. The findings agree with Herbane (2021), who emphasized that continuity preparedness requires effective information management systems. Similarly, Järveläinen et al. (2022) observed that SMEs with structured continuity management practices are better prepared to withstand operational disruptions.

5.1.2 Level of Adoption and Utilization of Digital Accounting Systems among SMEs in Kampala

The study found that SMEs in Kampala have generally embraced digital accounting systems and possess employees who are capable of using these technologies. This finding suggests that SME operators appreciate the importance of digital accounting in enhancing organizational efficiency and supporting business operations. Employee competence facilitates successful technology adoption because users are more likely to utilize systems that they understand and can operate effectively. These findings are consistent with Al-Hattami (2021), who found that user competence positively influences the effectiveness of accounting information systems. Similarly, Al-Okaily et al. (2023) reported that employee technological capabilities play a critical role in successful accounting system implementation.

The findings further indicate that digital accounting systems are increasingly being integrated into budgeting, financial planning, and other business operations. This demonstrates that SMEs are moving beyond basic accounting functions and are utilizing digital technologies to support broader managerial activities. Integration improves efficiency, information sharing, and organizational coordination, ultimately enhancing business performance. These findings concur with Huy and Phuc (2023), who found that integrated accounting technologies improve operational effectiveness and organizational productivity. Likewise, Nguyen and Nguyen (2022) established that accounting system integration enhances decision-making and business performance among SMEs.

However, the study revealed that several SMEs do not fully utilize digital accounting systems for financial monitoring, information accessibility, and day-to-day accounting activities. This suggests the existence of barriers preventing organizations from maximizing the benefits of digital

technologies. Such barriers may include inadequate infrastructure, limited financial resources, or insufficient technical support. The findings are in agreement with Mhlanga (2022), who found that SMEs often encounter resource constraints that limit effective technology utilization. Similarly, Awa and Ojiabo (2024) reported that the underutilization of digital technologies remains a challenge despite increasing rates of technology adoption among SMEs.

5.1.3 Effect of Digital Accounting Systems on the Business Continuity of SMEs in Kampala

The study established that digital accounting systems positively contribute to business continuity by improving business operations and supporting the availability of financial information. Digital accounting systems enable organizations to maintain critical functions and facilitate informed decision-making during periods of uncertainty. This finding demonstrates the strategic role of accounting technologies in enhancing organizational sustainability and operational stability. The findings are consistent with Bananuka et al. (2021), who found that digital financial systems improve organizational efficiency and sustainability. Similarly, Adebayo and Aina (2023) reported that accounting technologies contribute significantly to business continuity and operational performance.

The findings further indicate that digital accounting systems improve the accuracy and reliability of financial information while strengthening financial management and decision-making processes. Accurate and timely information enables managers to plan effectively, allocate resources efficiently, and respond promptly to business challenges. These benefits contribute to overall organizational performance and support continuity objectives. The findings agree with Al-Matari et al. (2022), who found that accounting information systems improve information quality and managerial decision-making. Likewise, Grande et al. (2022) established that accounting technologies enhance organizational control and financial performance.

Despite these positive contributions, the study revealed that digital accounting systems alone may not be sufficient to support organizational resilience, facilitate business recovery, or guarantee protection against data loss. This finding suggests that business continuity depends on a combination of technological, managerial, and strategic measures rather than technology alone. Organizations must therefore complement digital accounting systems with risk management practices, business continuity planning, and data protection mechanisms. These findings support

Herbane (2021), who argued that organizational resilience requires strategic preparedness beyond technology adoption. Similarly, Sahebjamnia et al. (2022) found that organizations that combine technological resources with effective continuity planning are better able to recover from disruptions and maintain long-term sustainability.

5.2 Summary of Findings

This study examined the current practices adopted by SMEs in Kampala to enhance business continuity, assessed the level of adoption and utilization of digital accounting systems among SMEs in Kampala, and established the effect of digital accounting systems on the business continuity of SMEs in Kampala.

5.2.1 Current Practices Adopted by SMEs in Kampala to Enhance Business Continuity

The study established that SMEs in Kampala have adopted several practices aimed at enhancing business continuity. The findings revealed that employee training on procedures for handling operational disruptions was the most highly rated practice (Mean = 4.35, SD = 1.005), indicating that SMEs appreciate the importance of preparing employees to effectively respond to operational challenges. Respondents also agreed that their SMEs maintain strong relationships with customers and suppliers (Mean = 4.29, SD = 0.894), regularly back up important business and financial data (Mean = 4.28, SD = 1.031), adopt digital technologies to support uninterrupted business operations (Mean = 4.27, SD = 0.820), and utilize electronic payment systems to ensure continuity of transactions (Mean = 4.27, SD = 0.944). Furthermore, the findings showed that SMEs maintain contingency plans for responding to disruptions (Mean = 4.20, SD = 1.013) and regularly monitor and manage business risks (Mean = 4.20, SD = 0.936). However, respondents disagreed that their SMEs maintain accurate financial records to facilitate continuity during disruptions (Mean = 2.53, SD = 1.121) and regularly back up important business and financial data in certain situations (Mean = 2.35, SD = 1.005). Overall, the study concludes that SMEs in Kampala have embraced various business continuity practices, although weaknesses remain in financial record management and data protection procedures.

5.2.2 Level of Adoption and Utilization of Digital Accounting Systems among SMEs in Kampala

The study found that the adoption and utilization of digital accounting systems among SMEs in Kampala was generally moderate to high. The findings revealed that employees were competent in using digital accounting systems (Mean = 4.92, SD = 0.267), making it the highest-rated aspect of digital accounting adoption. Respondents further agreed that digital accounting systems are used for budgeting and financial planning (Mean = 4.68, SD = 1.21), integrated with other business operations (Mean = 3.87, SD = 1.14), supported by management (Mean = 3.72, SD = 1.02), and used to record financial transactions (Mean = 3.52, SD = 0.810). The findings also showed that digital accounting systems are used for financial reporting (Mean = 3.35, SD = 1.14) and that most accounting activities are performed electronically rather than manually (Mean = 3.22, SD = 0.910). However, respondents disagreed that their SMEs relied on digital accounting systems for monitoring cash flows and expenses (Mean = 2.67, SD = 1.08), that financial information generated by these systems was easily accessible when needed (Mean = 2.33, SD = 0.85), and that digital accounting systems were fully utilized to support daily accounting and financial management activities (Mean = 2.20, SD = 0.91). Therefore, while adoption levels are relatively high, the findings indicate that full utilization of digital accounting systems has not yet been achieved among all SMEs.

5.2.3 Effect of Digital Accounting Systems on the Business Continuity of SMEs in Kampala

The study established that digital accounting systems have a positive effect on the business continuity of SMEs in Kampala. Respondents strongly agreed that digital accounting systems have improved the continuity of business operations within their SMEs (Mean = 4.27, SD = 0.63). The findings further revealed that digital accounting systems improve the accuracy and reliability of financial information (Mean = 3.87, SD = 1.13), enable SMEs to maintain service delivery during disruptions (Mean = 3.43, SD = 0.987), facilitate timely decision-making during periods of uncertainty (Mean = 3.23, SD = 1.22), contribute significantly to business continuity (Mean = 3.21, SD = 0.537), improve financial management and control (Mean = 3.19, SD = 1.44), and enable access to financial information during business disruptions (Mean = 3.12, SD = 0.94). However, respondents disagreed that digital accounting systems have reduced the risk of losing

important financial records (Mean = 2.12, SD = 0.85), supported business recovery after disruptions (Mean = 2.46, SD = 0.99), and enhanced organizational resilience to operational challenges (Mean = 2.36, SD = 0.812). Therefore, the study concludes that although digital accounting systems contribute significantly to business continuity among SMEs in Kampala, their effectiveness can be enhanced through complementary strategies such as risk management, data security measures, employee training, and business continuity planning.

5.3 Contribution of the study

This study contributes to the existing literature on digital accounting systems and business continuity among SMEs by providing empirical evidence on how digital accounting technologies support operational efficiency, financial information management, and informed decision-making. The study enhances understanding of the role of digital accounting systems in promoting business continuity and organizational resilience within SMEs. Practically, the findings provide valuable insights for SME owners, managers, policymakers, and technology providers by emphasizing the importance of adopting digital accounting systems alongside employee training, risk management practices, data security measures, and business continuity planning. Furthermore, the study offers a useful reference for stakeholders seeking to develop strategies and policies that encourage digital transformation, strengthen SME sustainability, improve competitiveness, and support long-term business performance.

5.4 Conclusion

The study concluded that SMEs in Kampala have adopted various practices to enhance business continuity, including employee training, the use of digital technologies, electronic payment systems, and maintaining strong relationships with customers and suppliers. The findings further revealed that the level of adoption and utilization of digital accounting systems among SMEs is generally high, with many businesses integrating these systems into budgeting, financial planning, and other business operations. The study also established that digital accounting systems positively influence business continuity by improving operational efficiency, enhancing the accuracy and reliability of financial information, and supporting effective decision-making. However, the findings indicate that digital accounting systems alone are insufficient to guarantee organizational resilience, business recovery, or protection against data loss. Therefore, SMEs need to complement

digital accounting systems with effective risk management practices, data security measures, employee training, and business continuity planning to achieve sustainable business continuity and long-term organizational success.

The findings of this study have important implications for SMEs, policymakers, and technology service providers. The results demonstrate that digital accounting systems play a critical role in strengthening business continuity by improving financial management, operational efficiency, and decision-making processes. The findings also highlight the importance of investing in employee training and technological capabilities to maximize the benefits of digital accounting systems. Furthermore, the study underscores the need for SMEs to adopt complementary measures such as risk management, data protection mechanisms, and business continuity planning to enhance organizational resilience. Consequently, the findings provide valuable evidence that can guide the development of policies, programs, and technological solutions aimed at promoting SME sustainability, competitiveness, and preparedness for future disruptions.

5.5 Recommendations

The study recommends that SME owners and managers increase the adoption and effective utilization of digital accounting systems in their business operations. This will improve financial record management, enhance decision-making, increase operational efficiency, and strengthen business continuity during periods of uncertainty and disruption.

The study recommends that SME employees undergo continuous training and capacity-building programs to enhance their knowledge and skills in the use of digital accounting systems. Improved employee competence will facilitate effective system utilization and enable businesses to maximize the benefits associated with digital technologies.

The study recommends that technology service providers and software vendors develop affordable, user-friendly, and secure digital accounting solutions tailored to the needs of SMEs. They should also provide adequate technical support and training services to ensure successful implementation and utilization of these systems.

The study recommends that government agencies and policymakers promote digital transformation among SMEs by providing supportive policies, affordable internet infrastructure, digital literacy programs, and incentives that encourage the adoption of digital accounting

technologies. Such initiatives will contribute to improved business resilience and sustainability within the SME sector.

The study recommends that business support organizations, industry associations, and development partners strengthen awareness creation and provide technical assistance to SMEs regarding digital accounting systems, cybersecurity practices, risk management, and business continuity planning. This support will enable SMEs to build stronger organizational resilience and improve their preparedness for future disruptions.

The study recommends that SMEs complement digital accounting systems with effective risk management practices, data security measures, regular data backups, and formal business continuity plans. This will help safeguard business information, minimize operational risks, and ensure continuity of operations during unexpected events.

5.7 Areas for Future Research

Future research on geographical and sectoral contexts

This study focused on the effect of digital accounting systems on business continuity among SMEs in Kampala. Future studies may examine the same relationship in other regions of Uganda to determine whether similar findings apply across different geographical contexts. Researchers may also extend the study to different sectors, including manufacturing, agriculture, and service industries, to assess whether the influence of digital accounting systems on business continuity varies across industries.

Future research on digital accounting systems and organizational outcomes

Future studies could investigate the influence of specific digital accounting platforms on business continuity and other organizational outcomes such as financial performance, operational efficiency, and competitiveness among SMEs. Comparative studies of different accounting software solutions may provide deeper insights into which digital tools contribute most effectively to business resilience and sustainability.

Future research on moderating factors and longitudinal studies

Further research may explore the moderating role of factors such as organizational culture, technological readiness, cybersecurity practices, and management support in the relationship between digital accounting systems and business continuity. In addition, longitudinal studies are recommended to examine how the adoption and utilization of digital accounting systems influence business continuity over time, thereby providing a better understanding of their long-term effects on SME performance and survival.

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APPENDICES

Appendix 1; Questionnaire

Dear respondent,

My name is AKATUUZA RYAN, a final year MBA student at Makerere University. I am carrying-out a research study titled "Examining the Impact of Digital Accounting Systems On The Business Continuity of SMEs: A Case of Kampala District SMEs**"**. In this regard, you have been selected as one of the participants in the research. The Questionnaire contains four sections, and it may take less than 30 minutes of your time to complete. The goal of this research is purely academic. Your responses will be kept anonymous and will be analyzed in aggregate to generate new empirical knowledge and literature on Digital Accounting Systems on Business Continuity. I pledge to abide to the highest standards of professional research and privacy in using the information you that you will provide. There are no anticipated risks to you for participating in this study and for this reason, I wish to encourage you to participate.

Section A: BACKGROUND INFORMATION

Please tick where appropriate

1. Please specify your gender.

a) Male
b) Female

2. Please tick your appropriate highest qualification

a) National Diploma
b) Bachelor's Degree
c) Honors Degree/post-graduate diploma
d) Master's Degree
e) Doctoral/PhD Degree

3. Please indicate your age group (in years)

a) 18-29 years
b) 30-39years
c) 40-49 years
d) 50-59 years
e) 60 years and above

4. How long have you been working or operating this Business

a) 0-5 years
b) 6-10 years
c) 11 and above

d) To examine the current practices adopted by SMEs in Kampala to enhance business continuity.

SECTION B: Examine the current practices adopted by SMEs in Kampala to enhance business continuity.

For each statement in the following section, please indicate the extent to which you agree or Disagree with the following statements to influence your use of online banking. Rate your scores on a 5 Likert point scale ranging from; 1-Strongly Disagree (SD), 2-Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).

	Statements					
Qtn	**The current practices adopted by SMEs in Kampala to enhance business continuity.**					
1	Our SME regularly backs up important business and financial data to prevent data loss.	1	2	3	4	5
2	Our SME has adopted digital technologies to support uninterrupted business operations.	1	2	3	4	5
3	We maintain accurate financial records to facilitate business continuity during disruptions.	1	2	3	4	5
4	Our SME has contingency plans to respond to unexpected business disruptions.	1	2	3	4	5
5	Employees are trained on procedures for handling operational disruptions.	1	2	3	4	5
6	Our SME regularly monitors and manages business risks that may affect operations.	1	2	3	4	5
7	We maintain strong relationships with customers and suppliers to support business continuity.	1	2	3	4	5
8	Our SME uses electronic payment systems to ensure continuity of transactions.	1	2	3	4	5
9	We ensure that critical business information can be accessed remotely when necessary.	1	2	3	4	5
10	Our SME regularly reviews and updates its business continuity practices.	1	2	3	4	5

SECTION C: The level of adoption and utilization of digital accounting systems among SMEs in Kampala for each statement in the following section, please indicate the extent to which you agree or disagree. Rate your scores on a 5 Likert point scale ranging from; 1-Strongly Disagree (SD), 2-Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).

NO.	**Statement**	SD	D	N	A	SA
	The level of adoption and utilization of digital accounting systems among SMEs in Kampala					
1	Our SME uses digital accounting software to record financial transactions.					
2	Most accounting activities in our SME are performed electronically rather than manually.					
3	Employees in our SME are competent in using digital accounting systems.					
4	Digital accounting systems are used regularly for financial reporting in our SME.					
5	Our SME uses digital accounting systems for budgeting and financial planning.					
6	The digital accounting system used by our SME is integrated with other business operations.					
7	Our SME relies on digital accounting systems for monitoring cash flows and expenses.					
8	Financial information generated by our digital accounting system is easily accessible when needed.					
9	Management actively supports the use of digital accounting systems within the SME.					
10	The digital accounting system is fully utilized to support daily accounting and financial management activities.					

SECTION D: To investigate the effect of digital accounting systems on the business continuity of SMEs in Kampala

For each statement in the following section, please indicate the extent to which you agree or Disagree. Rate your scores on a 5 Likert point scale ranging from; 1-Strongly Disagree (SD), 2-Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).

NO.	**Statement**	SD	D	N	A	SA
	The effect of digital accounting systems on the business continuity of SMEs in Kampala					
1	Digital accounting systems have improved the continuity of business operations in our SME.					
2	Digital accounting systems enable our SME to access financial information during business disruptions.					
3	The use of digital accounting systems has reduced the risk of losing important financial records in our SME.					
4	Digital accounting systems have improved the accuracy and reliability of financial information in our SME.					
5	Digital accounting systems enable our SME to make timely decisions during periods of uncertainty.					

6	The use of digital accounting systems has improved financial management and control in our SME.					
7	Digital accounting systems support the recovery of business operations after disruptions.					
8	The use of digital accounting systems has enhanced the resilience of our SME to operational challenges.					
9	Digital accounting systems have enabled our SME to maintain service delivery during disruptions.					
10	Overall, digital accounting systems have significantly contributed to business continuity in our SME.					

In your opinion, what other factors, besides digital accounting systems, influence business continuity among SMEs in Kampala?

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END

Appendix 2: Introductory Letter

MAKERERE UNIVERSITY

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School of Business
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11/10/2026

TO WHOM IT MAY CONCERN

Dear Sir/Madam

INTRODUCING MR. AKATUUZA RYANTO YOUR ORGANISATION FOR RESEARCH SUPPORT.

This is to introduce to you Mr. Akatuuza Ryan, a Master of Business Administration student, **registration number 2024/HD06/25343U,** who is currently conducting a **Plan B** research study on **"Examining the Impact of Digital Accounting Systems on the Business Continuity of SMEs: A Case of Kampala District SMEs"** for research support. Your support towards Ryan will enable him to fulfil a key requirement for the award of the Degree of Master of Business Administration at Makerere University.

While the research being pursued is mainly for academic purposes, upon its completion is expected to inform policy and contribute to the overall operations of organisations. Therefore, Ryan is reaching out to your organisation for assistance in the realisation of the aforementioned endeavours.

Any research assistance extended to him will be our pleasure, and we look forward to your continued support.

Yours sincerely,

Dr. Diana L.K Ssekiboobo,
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