

Determinants of the use of accounting software among small and medium enterprises in Morogoro Municipality, Tanzania

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ABSTRACT

This study examined the determinants of the use of accounting software among small and medium enterprises (SMEs) in Morogoro Municipality, Tanzania. Despite the growing imperative for digital financial management, the use of accounting software remains limited. Grounded in the Technology Acceptance Model (TAM) and positivism research philosophy, this study assessed the influence of management support, perceived ease of use, and competitive pressure on the use of accounting software among SMEs. A cross-sectional research design was employed, utilizing quantitative techniques. Data for this study were collected through a survey method employing a structured questionnaire administered to a sample of 135 SMEs, selected using stratified random sampling to ensure representativeness across key business sectors. The collected data were subsequently analysed through binary logistic regression in Stata/MP version 17.0. The results show that several variables had statistically significant influence on the use of accounting software. Within management support, training provision ($p < 0.01$), managerial resources allocation ($p < 0.01$), and active managerial involvement ($p < 0.01$) significantly influenced the use of accounting software. Under perceived ease of use, significant factors included ease of learning ($p < 0.01$), interface clarity ($p < 0.01$), and user-friendliness ($p < 0.05$). From the domain of competitive pressure, both competitor adoption ($p < 0.05$) and external demands ($p < 0.01$) were statistically significant. These findings confirm that the decision to use accounting software is not merely technical but is shaped by managerial behavior, system design, and environmental dynamics. This study concludes that, effective use of accounting software depends on deliberate leadership, system simplicity, and external incentives. It recommends prioritizing managerial training, promoting intuitive software design, and leveraging peer and institutional support to enhance the financial digital transformation of SMEs. This study contributes to the literature by providing empirical evidence on the determinants of the use of accounting software in the context of SMEs in Morogoro Municipality, a setting that has received limited attention in prior research. From a practical perspective, the findings offer actionable insights for SME owners and policymakers to strengthen digital financial management.

Keywords: Accounting Software, Binary Logistic Regression, Determinants, SMEs, TAM, Tanzania

I. INTRODUCTION

The evolution of accounting practices globally has been significantly shaped by technological advancement. Before the 21st century, most organizations depended on traditional accounting methods that were manual, time-consuming, and prone to errors (Ndolage, 2025). These outdated systems limited timely access to accurate financial information, constraining effective managerial decision-making. The growing complexity of global business environments led to the development of Accounting Information Systems (AIS), which integrate hardware and software to record, manage, and analyse financial data more efficiently (Kimiti, 2020).

The use of accounting software as a key component of AIS has since transformed financial management practices by enhancing data accuracy, streamlining reporting, and improving stakeholder decision-making (Mang'ana *et al.*, 2023). Modern accounting solutions also strengthen internal control systems, promote transparency, and ensure regulatory compliance (Nkwabi, 2019), highlighting the growing need for accounting professionals to acquire technological proficiency (Matare & Sreedhara, 2020).

In the African context, the use of accounting software is progressively increasing, although the pace and extent of uptake vary significantly across countries. In nations such as South Africa, Kenya, and Nigeria, small and medium enterprises (SMEs) have increasingly embraced digital accounting tools to enhance financial transparency, regulatory compliance, and access to credit facilities (Dlamini, 2024). In Kenya, for example, the use of accounting software has enabled enterprises to maintain structured financial records, thereby improving creditworthiness and stakeholder trust.

Similarly, in Nigeria, digital accounting solutions are perceived as strategic assets that not only streamline financial operations but also position businesses for investment and growth (Mohammed & Alhaji, 2022). Despite these advancements, the use of accounting software across the continent remains constrained by high implementation costs, insufficient infrastructure, and limited digital literacy, particularly among micro-enterprises and in rural regions. These structural and contextual limitations underscore the need for policy frameworks and targeted interventions that support capacity-building and localized software integration for enterprises across Africa.

Within the Tanzanian context, SMEs play a critical role in economic development, contributing approximately 35% to the national Gross Domestic Product (GDP) and employing over 20% of the country's workforce (Mang'ana *et al.*, 2022). However, the potential of these enterprises is often undermined by persistent reliance on manual accounting practices, which are associated with inefficiencies, delays in financial reporting, and inaccurate records (Ndolage, 2025). Empirical research indicates that the use of computerized accounting systems improves data accuracy, facilitates informed decision-making, and enhances organizational sustainability (Lubawa *et al.*, 2018; Mang'ana *et al.*, 2022). Nevertheless, the use of accounting software within Tanzanian SMEs remains limited due to challenges such as cost, inadequate technical skills, and minimal awareness of the benefits of accounting software (Lanlan & Ahmi, 2019).

At the subnational level, Morogoro Municipality reflects a microcosm of the broader national challenges facing enterprises in their efforts to digitize financial management. Recent studies such as Ndolage (2025), points to multiple barriers that inhibit the effective use of digital financial tools, including limited internet connectivity and low digital literacy. Moreover, a significant proportion of enterprises operators in the region lack formal training in accounting and financial systems, further limiting their ability to transition from manual to automated processes (Albalushi & Naqshbandi, 2022). Consequently, these limitations have sustained reliance on informal and error-prone record-keeping methods, thereby constraining business growth and financial accountability.

In response to these contextual realities, this study sought to examine the determinants of the use of accounting software among SMEs in Tanzania, with a particular focus on SMEs in Morogoro Municipality. By assessing these factors, this study aims to generate actionable insights into how different factors can influence the use of accounting software in contention to enhance the performance and contribute to the long-term sustainability of SMEs in Tanzania.

1.1 Statement of the Problem

The use of accounting software among SMEs in Tanzania is critically low, which significantly undermines the effective management of financial resources within these businesses (Mang'ana *et al.*, 2022). The limitation results in poor financial data accuracy, delays in decision making, and an inability to meet regulatory requirements. Consequently, SMEs struggle to maintain proper financial records, monitor cash flow effectively, and comply with tax regulations, which ultimately impedes their growth and sustainability (Nkwabi, 2019). Without intervention, the situation could lead to continued inefficiencies in financial management, which may limit the businesses' access to capital, hinder expansion opportunities, and perpetuate a cycle of financial mismanagement, ultimately undermining the broader economic development of the region (Robyn & Johnny, 2020).

In the absence of appropriate financial tools, such as accounting software, SMEs will be unable to make informed decisions based on reliable and real-time financial data, which is essential for long-term viability and growth (Kesale, 2017). Moreover, the persistent reliance on manual accounting systems, which are prone to errors, can lead to compliance failures, increasing the risk of financial mismanagement and even fraud (Briones *et al.*, 2022).

While previous studies have explored the use of accounting software in other urban contexts within Tanzania, including Dar es Salaam (Kyando *et al.*, 2022), Mwanza (Mnyandu, 2019), Mbeya (Lackson & Muba, 2021), Kigoma (Ngaka, 2022), and Dodoma (Semlambo *et al.*, 2024), there remains a noticeable gap in understanding the specific dynamics in Morogoro region. These studies have focused on regions that, while valuable, do not fully capture the unique challenges faced by SMEs in Morogoro region. Notably, as (Mashene & Kumburu, 2020; Mang'ana *et al.*, 2022) argue, the lack of empirical evidence from peri-urban areas, such as Morogoro Municipality, presents a critical gap in the literature, hindering the development of region-specific strategies for SMEs development.

This study seeks to bridge the gap by examining the determinants of the use of accounting software among SMEs. The aim is to offer a more nuanced understanding of the barriers and opportunities faced by SMEs. The findings of this study will provide valuable insights to policymakers, business owners, and financial institutions, contributing to the formulation of targeted strategies that can enhance the financial management practices of SMEs in Morogoro Municipality, thereby supporting their growth and long-term sustainability.

1.2 Research Objectives

Specifically, this study sought to:

- i. Determine the influence of management support on the use of accounting software among SMEs in Morogoro Municipality.
- ii. Examine the influence of perceived ease of use on the use of accounting software among SMEs in Morogoro Municipality.

- iii. Assess the influence of competitive pressure on the use of accounting software among SMEs in Morogoro Municipality.

II. LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Technological acceptance model

This study utilized the Technology Acceptance Model (TAM), developed by Davis in 1989, which offers a foundational theoretical lens for examining the determinants of the use of accounting software among SMEs. Central to TAM is the construct of perceived ease of use, which refers to the extent to which individuals believe that engaging with a given system will require minimal effort (Lanlan & Ahmi, 2019). The construct holds particular relevance for SMEs, which frequently operate with constrained resources and limited technical expertise which can significantly hinder the implementation of sophisticated technological solutions (Sensini & Vazques, 2021).

A core emphasis of the investigation lies in the role of perceived ease of use as a determinant of the use of accounting software. When accounting software is perceived as intuitive and straightforward, the associated cognitive and operational burdens are minimized, thereby lowering resistance to its use. For SMEs with limited access to specialized information technology (IT) personnel, the deployment of user-friendly systems becomes a critical enabler of technology uptake. Moreover, organizational interventions such as structured training, user support systems, and clear documentation can further reinforce perceptions of ease of use, thereby enhancing user engagement and promoting system integration (Lanlan & Ahmi, 2019).

Equally important is the role of managerial support in shaping technology use outcomes. Within the TAM framework, organizational leadership and context are understood to significantly influence user perceptions and behavioral intentions (Mkonya *et al.*, 2018). Active managerial involvement which can be manifested through investment in technological infrastructure, provision of technical support, and prioritization of employee training has been shown to positively impact staff receptivity toward new systems (Mkonya *et al.*, 2018). Such support not only bolsters the perceived ease of use but also cultivates an organizational culture in which digital tools are perceived as integral to operational effectiveness and strategic growth.

Beyond internal organizational dynamics, competitive pressure serves as a salient external driver of technology use. In rapidly evolving market environments, SMEs must adapt to competitive forces by enhancing their operational efficiency and decision-making capabilities. TAM posits that external stimulus such as industry trends and peer behavior can influence perceptions of technological relevance and urgency, thereby shaping the use of such technology (Anacli, 2017). Furthermore, observing competitor firms that have successfully integrated accounting software may prompt SMEs to follow suit in order to preserve market positioning and avoid obsolescence (Mujalli *et al.*, 2024). In light of these considerations, this study employed TAM to examine how perceived ease of use, management support, and competitive pressure influence the use of accounting software among SMEs in Morogoro Municipality.

2.2 Conceptual Framework

According to Bell (2005), a conceptual framework (CF) is a visual or narrative representation that outlines the primary constructs of a study and the hypothesized relationships among them. It serves as a blueprint, guiding the researcher in understanding what to investigate and how different variables interact to influence the research outcome.

This study adopts a CF informed by TAM, the theory collectively underpins the interpretation of the determinants of the use of accounting software. The CF includes three independent variables: management support, perceived ease of use, and competitive pressure. These variables are hypothesized to influence the dependent variable, which is the use of accounting software.

The CF assumes that the use of accounting software is shaped not only by managerial commitment but also by the perceived user-friendliness of the system and external market-driven pressures. The CF provides a focused lens through which this study assesses the strength and nature of each determinant on the use of accounting software among SMEs as shown in Figure 1.

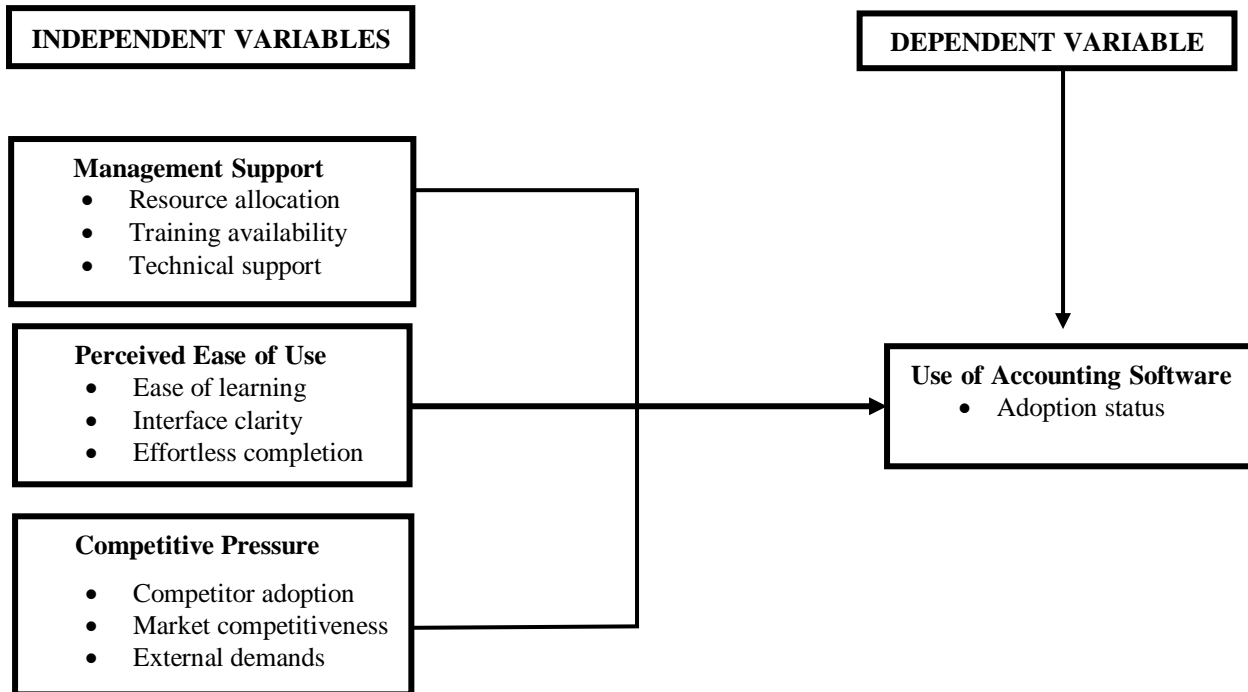


Figure 1
Conceptual Framework of this Study Based on the Original Notion of Technology Acceptance Model (Davis, 1989).

2.3 Empirical Review

This section reviews the relevant literature on the determinants of the use of accounting software among SMEs, focusing on three core themes: the influence of management support, perceived ease of use, and competitive pressure. The aim is to synthesize existing research, identify trends, and highlight gaps that this study seeks to address.

2.3.1 Management Support and the Use of Accounting Software

Abdullah et al. (2023), using quantitative survey data in Malaysia, established that managerial involvement in strategic planning, resource allocation, and systematic monitoring positively influenced the use of AIS among SMEs. The findings suggest that proactive leadership serves as a critical enabler in overcoming organizational resistance and ensuring resource availability during system implementation.

Similarly, Lutfi et al. (2022), employing structural equation modelling in Kenya, demonstrated that managerial commitment significantly shaped users’ perceptions of system usefulness and ease of use which are central constructs in the Technology Acceptance Model (TAM). These perceptions, in turn, increased the likelihood of AIS integration into day-to-day financial operations. In the Tanzanian context, Masanja (2019) reported comparable findings, showing that leadership support and managerial engagement played a vital role in enhancing the use of AIS, particularly in environments characterised by limited technological infrastructure. This study draws attention to the importance of internal drivers in contexts where external technological enablers are lacking.

Zainodin et al. (2024) conducted a longitudinal study in Malaysia and found that managerial support, particularly in the form of technical guidance, employee training, and regular system evaluation was essential to the long-term sustainability of using AIS. The study highlighted the dynamic nature of management support, not merely as a factor in initial system adoption, but as a continuous input necessary for effective system use over time.

Despite these contributions, critical gaps remain in the empirical literature. Firstly, previous studies have adopted a broad view of AIS without isolating accounting software as a distinct tool with unique adoption challenges, interface features, and user requirements. The specificity of accounting software particularly as a modular, often standalone financial tool, warrants focused empirical investigation. Secondly, a large proportion of the current empirical evidence is derived from countries outside Tanzania, raising questions about the contextual relevance of these findings. Tanzanian SMEs operate under distinct socio-economic, regulatory, and technological conditions, which may influence both managerial behaviour and the use of accounting software differently than in other regions.

In light of these gaps, there is a pressing need for empirical research that not only contextualizes managerial support within the Tanzanian SME environment but also examines its interaction with other behavioural and institutional factors. The findings of this study will contribute to a more comprehensive understanding of the use of accounting software and provide actionable insights for policy, practice, and software development tailored to the needs of SMEs in Tanzania.

2.3.2 Perceived Ease of Use and the Use of Accounting Software

Lemma and Amosha (2018), employing structural equation modelling in Indonesia, found that user-friendly interfaces and compatibility with workflows designed for non-accountants significantly enhanced both the perceived value and actual use of desktop-based accounting systems among SMEs. The findings highlighted the critical role of interface design in promoting user engagement, particularly among users lacking formal accounting backgrounds. Similarly, Kinyua (2024), using factor analysis and multiple regression in a Kenyan context, demonstrated that intuitive, easy-to-navigate accounting software not only increased usage rates but also contributed to improved accuracy in financial record-keeping and the timeliness of reporting. Notably, managerial support was found to moderate this relationship, suggesting that ease of use alone may not be sufficient in the absence of strong organizational backing.

In Zimbabwe, Ranatarisza et al. (2022) reported that perceived ease of use directly influenced the uptake of digital financial tools, leading to reductions in bookkeeping errors and encouraging higher levels of tax compliance. These outcomes were further reinforced by supportive measures such as end-user training and the integration of local languages into software platforms, underscoring the need for contextual adaptability in software design. Likewise, Duve and Schutte (2025), through a mixed-methods study conducted in Nigeria, confirmed a positive association between perceived ease of use and the use of accounting software. The study emphasized the importance of simplicity, clear interface design, and accessible customer support services in fostering consistent software usage and achieving improved financial outcomes.

While these studies collectively reinforce the centrality of perceived ease of use on the use of accounting software, several critical limitations emerge. First, the existing literature is largely concentrated in contexts outside Tanzania, thereby limiting the generalizability of findings to the Tanzanian SME sector, which may differ in terms of technological infrastructure, human capital, and digital literacy. Second, perceived ease of use is frequently examined in isolation, with limited empirical exploration of its interaction with other relevant constructs such as managerial support or competitive pressure. This reductionist approach constrains the ability to understand how multiple factors jointly influence software adoption and sustained use.

These limitations underscored the need for contextually grounded research within the Tanzanian SME landscape that situates perceived ease of use within a broader, multidimensional framework. Such an approach would enable a more comprehensive understanding of the determinants influencing the effective use of accounting software.

2.3.3 Competitive Pressure and the Use of Accounting Software

Said and Aliu (2022), using regression analysis on data from European SMEs, found that firms operating within highly saturated markets were more inclined to use accounting software as a strategy to streamline operations, enhance financial efficiency, and maintain competitive parity. In the East African context, Mbogo et al. (2023) employed ordinal logistic regression to investigate the relationship between urban market competition and accounting software usage among SMEs in Nairobi. The study findings indicated that increased competitive intensity prompted firms to prioritise accurate financial reporting and improve their ability to access formal credit particularly from banks and development finance institutions. Likewise, Lutfi (2022), drawing on survey data from SMEs in Jordan, demonstrated that external market expectations, including peer benchmarking and industry norms, significantly influenced the adoption of digital accounting systems, primarily to enhance transparency and accelerate financial reporting processes.

In Pakistan, Hamzah et al. (2023) applied panel data regression to examine the strategic response of SMEs to competitive forces. The study concluded that competitive pressure positively influenced perceptions of accounting software as a valuable tool for attracting investors and building financial credibility. However, it also noted that regulatory factors played a moderating role, either enabling or constraining the uptake of digital financial technologies.

While these empirical studies collectively affirm the role of external competitive forces in driving the use of accounting software, several notable limitations emerge. First, the geographical focus of existing research is predominantly outside Tanzania, thereby limiting its relevance to the local SME sector, which operates under distinct structural, technological, and regulatory conditions. Second, competitive pressure is frequently treated as an isolated variable, with limited consideration of how it interacts with managerial support and perceived ease of use. This narrow analytical framing restricts a more holistic understanding of the complex interplay between external and internal determinants of the use of accounting software. These gaps highlight the need for context-specific, multidimensional research in Tanzania that critically explores how competitive pressure shapes the use of accounting software.

III. METHODOLOGY

3.1 Research Philosophy

This research was based on a positivism research philosophy, which emphasizes objective measurements and observable phenomena (Saunders *et al.*, 2019). Positivism philosophy is appropriate for quantitative research as it assumes that reality is external and can be measured through empirical data. The philosophy guided this study in collecting measurable data that can be analyzed statistically to establish patterns, correlations, and causal relationships.



This study focused on answering the research questions and generating findings that contribute to generalizable knowledge, making the positivist approach well-suited for assessing the determinants of the use of accounting software among SMEs.

3.2 Research Approach

This study adopted a quantitative research approach, focusing on the collection and analysis of numerical data to assess the determinants of the use of accounting software among SMEs. A quantitative approach is chosen over a qualitative one because it enables the objective testing of hypotheses, facilitates the identification of patterns and relationships among variables, and supports the generalization of findings to a larger population, thereby enhancing this study’s validity and relevance.

3.3 Research Design

This study adopted a cross-sectional research design to examine the determinants of the use of accounting software among SMEs in Morogoro Municipality. A cross-sectional design enables the collection and analysis of data at a single point in time, offering a snapshot of existing relationships and patterns within a population (Shinija, 2024). The approach is appropriate for systematically capturing the characteristics and behaviours of SMEs regarding their use of accounting software. This study aims to provide a comprehensive understanding of the determinants and explore their broader implications for the development and operational efficiency of SMEs in the region.

3.4 Study Area

This study was conducted in Morogoro Municipality. Morogoro region serves as one of key agricultural and trade hubs, strategically located between Dar es Salaam and central regions of Tanzania. It has a high density of SMEs engaged in agribusiness, retail, manufacturing, and service industries. Despite its economic activity, Morogoro region has been largely overlooked in studies and policy reports related to financial digitization (Lackson & Muba, 2021). Unlike regions such as Dar es Salaam, Mwanza, Dodoma, Mbeya, Iringa, and Arusha, which frequently serve as focal points in digital finance research, Morogoro remains under-researched. Yet, it offers valuable insights into the realities faced by SMEs operating in semi-urban and rural contexts, making it a critical region for understanding the broader challenges and opportunities in the digital finance landscape (Lackson & Muba, 2021).

3.5 Study Population and Sample Size

3.5.1 Population

The population for this study comprises 210 SMEs operating within Morogoro Municipality that are currently receiving support from Small Industries Development Organization (SIDO). These SMEs are purposively selected due to their strategic relevance to the research objectives.

SIDO is a key institution mandated to promote SME development in Tanzania, offering services such as training, finance, infrastructure, and business advisory support. By targeting SMEs supported by SIDO, this study ensures coverage of businesses that are more likely to engage in formalized business operations and adopt digital financial tools such as accounting software. These SMEs are typically exposed to capacity-building programs and institutional support, making them ideal for examining factors influencing the use of accounting software (Elia, 2020).

To gather valid insights into accounting software usage, this study focused on either the managers and accountants within each selected SME, as they are directly responsible for financial decision-making and operations. This study follows Mohammed and Alhaji (2022) in targeting operational decision-makers in assessing the use of digital financial tools.

3.5.2 Sample Size

The list of targeted SMEs was composed using records from SIDO. Overall, the list has 210 SMEs. The sample size for the survey was determined using the following formula (Kothari, 2011). The formula is proposed for finite population; hence it fits this study.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N-1) + z^2 \cdot p \cdot q} \dots\dots\dots (1)$$

Where: n is the sample size, N is the estimated number of SMEs, amounting to 210, and e = 5% (0.05) level of precision, p = sample proportion, q= 1- p, z = the value of a given confidence level. By substituting values in the above formula:

$$n = \frac{(1.96)^2 \cdot (0.5) \cdot (0.5) \cdot (210)}{(0.05)^2 \cdot (210-1) + (1.96)^2 \cdot (0.5) \cdot (0.5)} = 135 \dots\dots\dots (2)$$



Table 1
Profile of Respondents.

Industry Sector	Managers	Accountants	Total Respondents
Manufacturing	14	14	28
Trade & Retail	20	20	40
Services	19	17	36
Agriculture & Agro-processing	11	11	22
Construction	4	5	9
Total	68	67	135

Source: authors' construct (2025).

3.6 Sampling Strategy

This study employed a stratified random sampling method to ensure fairness and minimize selection bias in the participant selection process. The population of SMEs in Morogoro Municipality was divided into distinct strata based on key characteristics, such as business sector (i.e. retail, services, manufacturing, agriculture, trade, and construction) and business size (i.e. small and medium). Within each stratum, SMEs was randomly selected to participate, ensuring that every SME has an equal opportunity to be included in the sample. The stratification approach aimed to enhance the representativeness of the sample and improve the generalizability of the findings to the broader population of SMEs in Morogoro. The use of random sampling within each stratum facilitated a fair and balanced representation across different SME sectors and sizes.

3.7 Data Collection Methods and Instruments

This study utilized a quantitative research approach, employing structured data collection techniques to generate measurable insights into the determinants of the use of accounting software among SMEs. Data was collected through a survey method, using a structured questionnaire with closed-ended. The research instrument was administered to managers and accountants within selected SMEs. The structured nature of the questionnaire ensured consistent and comparable data across all respondents by standardizing the questions and response options. The approach enhanced the reliability of the data and simplify the subsequent analysis.

3.8 Data Processing and Analysis

3.8.1 Data processing

For quantitative data, data processing starts by validating the questionnaire used to measure variables. After the field survey, the questionnaire was carefully reviewed to look for errors and omissions and make any necessary corrections. Thereafter, compose a coding matrix and enter the reviewed data into Stata/MP version 17.0 for further processing.

3.8.2 Data analysis

This study employed Stata/MP version 17.0 for data processing and statistical analysis. Given the binary nature of the outcome variable (use or non-use of accounting software), this study employed binary logistic regression as the primary analytical technique. The method is particularly suitable for modelling relationships where the dependent variable is binary or dichotomous and independent variables are continuous or categorical.

The binary logistic regression model was used to evaluate the influence of selected independent variables: management support, perceived ease of use, and competitive pressure on the use of accounting software among SMEs in Morogoro Municipality.

$$\log\left(\frac{P(Y=1)}{1-P(Y=1)}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \dots\dots\dots (3)$$

- P(Y=1): Probability of the event occurring (dependent variable).
- β₀: Intercept (constant term).
- β₁, β₂..., β_n: Regression coefficients for each independent variable.
- X₁, X₂ ..., X_n: Independent variables (predictors).
- ε : Error term.

Where:

- Dependent variable: Use of accounting software.
- Independent variables: management support (indicators), perceived ease of use (indicators), and competitive pressure (indicators).

Table 2*Variable list and Description.*

Variable (s)	Description	Justification from Previous Studies	Hypothesized Sign
Dependent			
Use of Accounting Software	The application of accounting software.	The use of accounting software reflects the actual implementation of technological innovations within SMEs (Zainodin <i>et al.</i> , 2024).	N/A
Independent			
Resource Allocation	Allocation of time, funding, and resources for software use.	Adequate resource allocation fosters effective use of new technologies (Sensini & Vazquez, 2021).	+
Training Availability	Level of training received by the business owner or staff.	Training provides users with the skills and confidence necessary for effective utilization of accounting software, thereby improving operational efficiency (Mohammed & Alhaji, 2022).	+
Technical Support	Availability of technical support.	Access to reliable technical support mitigates operational disruptions and fosters sustained use of accounting software (Igbaria <i>et al.</i> , 1997).	+
Ease of Learning	Perceived ease of learning the accounting software.	A system that is simple to learn reduces cognitive effort for users, encouraging the use (Igbaria <i>et al.</i> , 1997).	+
Interface Clarity	Clarity and usability of the software interface.	An intuitive and visually clear interface enhances user experience and positively influences adoption decisions (Zainodin <i>et al.</i> , 2024).	+/-
Effortless Completion	Ease of completing tasks using the accounting software.	An effortless experience in completing tasks encourages continued use of technology (Davis, 1989).	+
Market Competition	Intensity of competition in the market.	High competition drives the use of advanced technologies to improve efficiency (Akpan <i>et al.</i> , 2024).	+/-
Competitor Adoption	Level of accounting software adoption by competitors.	Competitor adoption can influence other firms' decisions by creating a perceived need to avoid technological lag (Nkwabi, 2019).	+
Market Competitiveness	Perceived competitiveness in the market.	Firms in highly competitive environments are more likely to use digital tools to enhance efficiency and differentiation (Albalushi & Naqshbandi, 2022).	+
External Demands	Pressure from external stakeholders to use accounting software.	Regulatory bodies, customer expectations, and supply chain requirements can compel firms to use accounting software to meet compliance and service standards (Abdulmalik <i>et al.</i> , 2020).	+

Source: authors' construct (2025).

IV. FINDINGS & DISCUSSION

4.1 Preliminary Test to Check the Assumptions of Binary Logistic Regression

This session presents preliminary tests to verify key assumptions of binary logistic regression, conducting these tests helps to ensure the validity and reliability of the regression results.

4.1.1 Multicollinearity Check for the Independent Variables

The assessment of multicollinearity among the independent variables was conducted using the Variance Inflation Factor (VIF) and its reciprocal, tolerance (1/VIF) as shown in Table 3. The VIF values for all predictors ranged between 1.04 and 2.11, with a mean VIF of 1.64. These values are substantially below the commonly accepted thresholds of 5 or 10, which are indicative of problematic multicollinearity. Correspondingly, tolerance values ranged from 0.47 to 0.96, well above the critical lower limit of 0.1 that would suggest multicollinearity concerns.

The analysis indicates that none of the independent variables exhibit a high degree of linear correlation with the others, thus satisfying the assumption of no multicollinearity. The low VIF values imply that the variance of the estimated regression coefficients is not inflated due to multicollinearity, ensuring the stability and reliability of the regression estimates. Therefore, the logistic regression model can be confidently interpreted without concern that multicollinearity among predictors will distort the findings.

Table 3

Multicollinearity Check for the Independent Variables.

Variable	VIF	1/VIF
External Demands	2.11	0.473720
Ease of Learning	2.11	0.473784
Training Provided	2.10	0.476254
Interface Clarity	2.08	0.481045
Improves Competitiveness	1.89	0.528230
User-friendly	1.59	0.629129
Technical Support	1.58	0.634032
Active Management Involvement	1.09	0.917031
Management Resources	1.57	0.635791
Competitor Adoption	1.04	0.963427
Mean VIF	1.64	

Source: authors' construct (2025).

4.1.2 Test for the Goodness of the Fit

The goodness-of-fit of the logistic regression model was evaluated using the Hosmer–Lemeshow (H–L) test as shown in Table 4, which assesses the correspondence between observed and predicted probabilities across deciles of risk. The test produced a chi-square value of $\chi^2(8) = 12.25$ with an associated p-value of 0.1403. Since the p-value exceeds the conventional significance level of 0.05, the null hypothesis of adequate model fit cannot be rejected. This indicates that there is no significant difference between the observed and model-predicted frequencies, suggesting that the model fits the data well.

Table 4

Goodness-of-Fit Test.

Variable: Using Accounting Software
Number of observations = 135
Number of groups = 10
Hosmer–Lemeshow $\chi^2(8) = 12.25$
Prob > $\chi^2 = 0.1403$

Source: authors' construct (2025).

4.1.3 The Classification Accuracy of the Logistic Regression Model

The classification accuracy of the logistic regression model was evaluated using a confusion matrix (see Table 5). The model correctly classified 88.89% of all cases, indicating strong predictive performance. The sensitivity (true positive rate) was 95.29%, demonstrating that the model accurately identified 95.3% of respondents who use the accounting software. The specificity (true negative rate) was 78.00%, indicating that 78% of non-users were correctly classified. Additionally, the positive predictive value was 88.04%, suggesting that 88% of those predicted as users were actual users, while the negative predictive value was 90.70%, meaning that 91% of those predicted as non-users were indeed non-users.

Error rates were relatively low: the false positive rate was 22%, and the false negative rate was only 4.71%, implying minimal misclassification among actual users. These results collectively indicate that the model demonstrates high discriminative power and is effective in predicting the likelihood of using accounting software among SMEs.



Table 5
Classification Accuracy of the Logistic Regression Model.

Classified	D	~D	Total
+	81	11	92
-	4	39	43
Total	85	50	135

Classified + if predicted Pr (D) >= .5		
True D defined as Using Software! = 0		
Sensitivity	Pr(+ D)	95.29%
Specificity	Pr(- ~D)	78.00%
Positive predictive value	Pr(D +)	88.04%
Negative predictive value	Pr(~D -)	90.70%
False + rate for true ~D	Pr(+ ~D)	22.00%
False - rate for true D	Pr(- D)	4.71%
False + rate for classified +	Pr(~D +)	11.96%
False - rate for classified -	Pr(D -)	9.30%
Correctly classified		88.89%

Source: Authors’ Construct (2025).

4.1.4 Sample Size Adequacy Based on Events Per Variable Rule

To ensure the adequacy of the sample size for binary logistic regression, the Events Per Variable (EPV) rule was applied. This study had 85 cases where the outcome variable was positive (i.e., using accounting software = 1) and included 3 independent variables. This yields an EPV of approximately 28.3, which exceeds the recommended minimum of 10. Therefore, the sample size is considered sufficient for reliable binary logistic regression analysis.

4.2 Presentation of Findings

This section presents the empirical findings derived from the binary logistic regression analysis conducted to examine the determinants of the use of accounting software among SMEs. The analysis aims to identify which factors statistically contribute to the likelihood of using accounting software among SMEs.

4.2.1 The Influence of Management Support on the Use of Accounting Software

The results from the binary logistic regression model (Table 6) indicate a statistically robust estimation, with a likelihood ratio chi-square (LR $\chi^2(5) = 73.22, p < 0.001$), thereby confirming that the set of management support variables collectively contributes significantly to the explanation of determinants of the use of accounting software among SMEs. The model exhibits a Pseudo R² value of 0.6114, suggesting that approximately 61.14% of the variability in the dependent variable is accounted for by the predictors included in the model an indication of a strong model fit in behavioural finance studies.

Availability of adequate managerial resources had a statistically significant influence on the likelihood of using accounting software (see Table 6). The estimated odds ratio for the variable was 9.32 (p = 0.001), indicating that SMEs with sufficient managerial resources were approximately nine times more likely to use accounting software compared to those without such resources, holding other factors constant.

Active managerial involvement had a statistically significant influence on the likelihood of using accounting software (see Table 6). SMEs with active support from management exhibited an odds ratio of 8.19 (p = 0.001), suggesting that, these SMEs were approximately eight times more likely to use accounting software than those without such support, holding other factors constant.

The provision of training was statistically significant in influencing the likelihood of using of accounting software (see Table 6). SMEs that provided training to their employees had an odds ratio of 13.27 (p = 0.001), indicating that, SMEs that received training were approximately thirteen times more likely to use accounting software compared to those that did not receive training on digital financial tools, holding other factors constant.

Table 6*Binary Logistic Regression Results of the Influence of Management Support on the Use of Accounting Software.*

Number of observations = 135					
LR chi2(5) = 73.22					
Prob > chi2 = 0.0000					
Log likelihood = -52.377267					
Pseudo R2 = 0.6114					
Variable	Odds Ratio	Std. Err.	z	P> z	[95% Conf. Interval]
Resource allocation	9.318256	5.700504	3.65	0.000***	2.809354 – 30.90742
Frequent upgrades	0.9774951	0.5179522	-0.04	0.966	0.3460051 – 2.761511
Active managerial involvement	8.187754	5.239276	3.29	0.001***	2.336081 – 28.69734
Training Provided	13.26531	8.415517	4.07	0.000***	3.825732 – 45.99599
Technical support	2.997356	1.942467	1.69	0.090	0.8416052 – 10.67501
Cons	0.0042262	0.0047879	-4.83	0.000	0.0004588 – 0.0389294

Notes: * statistically significant at $p < 0.10$; ** statistically significant at $p < 0.05$; *** statistically significant at $p < 0.01$.

Source: Authors' construct (2025).

4.2.2 The Influence of Perceived Ease of Use on the Use of Accounting Software

The findings from binary logistic regression model, presented in Table 7, demonstrate a strong overall significance in assessing the influence of perceived ease of use variables on the use accounting software. The Likelihood Ratio Chi-Square test ($LR \chi^2(4) = 78.40$, $p < 0.001$) indicates that, the model as a whole is statistically meaningful and offers explanatory power beyond the intercept-only model. The model exhibits a Pseudo R^2 value of 0.4405, suggesting that approximately 44.05% of the variability in the dependent variable is accounted for by the predictors included in the model an indication of a strong model fit.

Perceived ease of learning significantly influenced the likelihood of using accounting software (see Table 7). SMEs that perceived accounting software as easy to learn had an odds ratio of 13.64 ($p = 0.001$), indicating that, these SMEs were approximately 13 times more likely to use the software compared to those who did not share the perception, holding other factors constant.

A user interface that is perceived as clear and navigable significantly increased the likelihood of using accounting software (see Table 7). The estimated odds ratio for the variable was 7.37 ($p = 0.003$), indicating that, SMEs that valued interface clarity were approximately seven times more likely to use accounting software compared to those who did not prioritize the feature, holding other factors constant.

Perceived user-friendliness of the accounting software revealed a statistically significant effect on the likelihood of using accounting software (see Table 7). SMEs that perceived the software as user-friendly had an odds ratio of 4.47 ($p = 0.016$), indicating that, holding other variables constant, SMEs that found the accounting software intuitive were approximately 4.5 times more likely to use it than those who did not perceive it as user-friendly.

Table 7*Binary Logistic Regression Results of the Influence of Perceived Ease of Use on the Use of Accounting Software.*

Number of observations = 135					
LR chi2(4) = 78.40					
Prob > chi2 = 0.0000					
Log likelihood = -49.783092					
Pseudo R2 = 0.4405					
Variable	Odds Ratio	Std. Err.	z	P> z	[95% Conf. Interval]
Ease of Learning	13.63965	8.401016	4.24	0.000***	4.078738 – 45.61214
Interface Clarity	7.369042	4.928994	2.99	0.003***	1.986372 – 27.33767
Easy Task Completion	0.9153908	0.5862068	-0.14	0.890	0.2609191 – 3.211495
User Friendly	4.472035	2.711764	2.47	0.016**	1.362546 – 14.67774
Cons	0.0219245	0.0183768	-4.56	0.000	0.004241 – 0.113343

Notes: * statistically significant at $p < 0.10$; ** statistically significant at $p < 0.05$; *** statistically significant at $p < 0.01$.

Source: Authors' construct (2025).

4.2.3 The Influence of Competitive Pressure on the Use of Accounting Software

The findings from the binary logistic regression model presented in Table 8, indicate a strong overall significance in assessing the influence of competitive pressure variables on the likelihood of using accounting software. The Likelihood Ratio Chi-Square test (LR $\chi^2(3) = 69.43$, $p < 0.001$) indicates that the model as a whole is statistically significant and offers explanatory power beyond the intercept-only model. The model's Pseudo R² value of 0.5605 suggests that, approximately 56.05% of the variation in accounting software usage among SMEs is explained by the competitive pressure variables included in the analysis.

Competitor adoption was statistically significant in influencing the use of accounting software (see Table 8). SMEs that perceived a high rate of accounting software usage among competitors had an odds ratio of 4.57 ($p = 0.02$), indicating that, these SMEs were approximately 4.57 times more likely to use the software compared to those who did not share the perception, holding other factors constant.

External influence was statistically significant in influencing the use of accounting software (see Table 8). SMEs that were exposed to strong external influences, such as stakeholders and regulatory compliance requirements, had an odds ratio of 9.86 ($p = 0.001$), indicating that, these SMEs were approximately 9.86 times more likely to use the software compared to those not exposed to such influences, holding other factors constant.

Table 8

Binary Logistic Regression Results of the Influence of Competitive Pressure on the Use of Accounting Software.

Number of observations = 135					
LR $\chi^2(4) = 69.43$					
Prob > $\chi^2 = 0.0000$					
Log likelihood = -54.272073					
Pseudo R ² = 0.5605					
Variable	Odds Ratio	Std. Err.	z	P> z	[95% Conf. Interval]
Competitor Adoption	4.571913	2.977127	2.33	0.020**	1.275894 – 16.38254
Market Competitiveness	2.775501	1.650082	1.72	0.086	0.8655414 – 8.900104
External Demands	9.855475	5.560464	4.06	0.000***	3.261589 – 29.78008
Cons	0.036611	0.0265848	-4.55	0.000	0.008821 – 0.1519513

Notes: * statistically significant at $p < 0.10$; ** statistically significant at $p < 0.05$; *** statistically significant at $p < 0.01$.

Source: Authors' construct (2025).

4.3 Discussion of the Findings

This section discusses the key results from the binary logistic regression analysis on the determinants of the use of accounting software among SMEs. It interprets the direction, strength, and significance of the predictors while aligning the findings with previous empirical studies. The aim is to highlight both consistent and divergent patterns, offering possible explanations based on contextual factors influencing the use of accounting software among SMEs.

4.3.1 The Influence of Management Support on the Use of Accounting Software

The binary logistic regression results presented in Table 6 indicate that the availability of managerial resources had a statistically significant influence on the use of accounting software among SMEs. The odds ratio suggests that SMEs with adequate managerial resources were more likely to use accounting software compared to those without proper allocation of resources. These results align with those of Kinyua (2024), who reported that managerial competence, strategic orientation, and administrative control were key factors in the use of accounting software among small firms in Kenya. Well-resourced management teams can make informed decisions regarding technology investments, mobilize organizational resources, and ensure effective system implementation.

Active managerial involvement also emerged as a statistically significant predictor of accounting software use. The odds ratio indicates that SMEs with supportive leadership were more likely to adopt accounting software. The findings support the Technology-Organization-Environment framework and are consistent with the findings of Masanja (2019), who identified top management support as a critical factor in technological adoption among Cameroonian SMEs. Active managerial involvement helps reduce employee resistance, improves coordination, and signals a strong commitment to innovation, all of which are essential for successful technology integration.

The provision of staff training demonstrated the strongest predictive power among the managerial factors. SMEs that provided formal training programs were significantly more likely to use accounting software than those that did not. These results corroborate those of Asare and Yawson (2022), who reported the role of training in overcoming the learning curve associated with new accounting software systems. The strength of the estimate underscores the reliability of the relationship. Training enhances perceived behavioral control, reduces cognitive barriers, and builds internal capabilities necessary for the long-term use and integration of digital accounting systems.

4.3.2 The Influence of Perceived Ease of use on the Use of Accounting Software

The binary logistic regression results presented in Table 7 indicate that the perceived ease of learning accounting software had a statistically significant and positive effect on the likelihood of its use among SMEs. Firms that found the software easy to learn were substantially more likely to adopt it. These findings support the technology acceptance model which emphasizes the importance of perceived ease of use in technology adoption and are consistent with those of Quartey et al. (2023) in Burkina Faso, who found that the ease with which users could grasp the functionalities of accounting tools significantly influenced their adoption. The outcome can be explained by the limited time and training resources available to many SMEs. Shorter learning curves make it easier for business owners and staff to adopt new systems without fear of disrupting daily operations.

The clarity and navigability of the software interface showed a statistically significant and strong association with the use of accounting software. SMEs that valued a clear and user-friendly interface were more likely to use accounting software. These findings are in line with those of Dlamini (2024) in Eswatini, who reported the critical role of interface design in user engagement, particularly for SMEs with limited experience with digital financial tools. In environments where digital literacy is uneven, systems with straightforward, visually accessible interfaces help reduce cognitive load, build user trust, and enhance the perceived reliability of the system.

User-friendliness emerged as another statistically significant predictor of accounting software use. SMEs that perceived the accounting software as intuitive and easy to interact with were more likely to use it. These findings are in conformity with those of Lemma and Amosha (2018) in Ethiopia, who reported that the subjective experience of ease and comfort with accounting software led to higher usage rates. This suggests that, beyond technical functionality, the overall user experience is a crucial factor. For SMEs lacking dedicated IT support, intuitive software reduces the need for external assistance and encourages consistent usage, thus reinforcing long-term adoption.

4.3.3 The Influence of Competitive Pressure on the Use of Accounting Software

The binary logistic regression results presented in Table 8 indicate that competitor adoption had a positive and statistically significant effect on the likelihood of using accounting software among SMEs. SMEs operating in highly competitive environments were more likely to adopt digital financial tools as a strategic response to market rivalry. In such settings, competition serves as a catalyst for technological adaptation, encouraging firms to enhance efficiency, accuracy, and responsiveness. These findings are supported by Osman et al. (2021), who identified competitor adoption as a strong predictor of accounting software use among agribusiness SMEs in Somalia. In the same vein, Akpan et al. (2024) highlighted competitive intensity as a key external factor influencing the adoption of accounting information systems in Ghana. In many African SME ecosystems such as those found in Tanzania, are characterized by limited formal benchmarking and institutional support, competition often drives emulation behaviors, where firms adopt technologies used by more advanced peers to maintain market relevance and customer trust.

External demand was positive and significantly associated with the likelihood of using accounting software. SMEs that received support or guidance from external sources, such as stakeholders and regulatory bodies, were more likely to use accounting software. These findings are similar to those found by Quartey et al. (2023), who reported the role of external stakeholders in driving the use accounting software among Ghanaian SMEs. Similarly, Quartey et al. (2023) reported that, in Ghana, SMEs often relied on external pressures, such as regulatory requirements and business development initiatives, to navigate the complexities of using accounting software. In environments where internal technical capacity is limited, these external influences help bridge knowledge gaps, accelerate decision-making processes, and foster confidence in technology investments.

V. CONCLUSIONS & RECOMMENDATIONS

5.1 Conclusions

This study concludes that the use of accounting software among SMEs in Morogoro Municipality is shaped by a complex interplay of internal organizational factors, technological perceptions, and external competitive dynamics. Management support is identified as a critical internal driver, with active management involvement, training provision, and the availability of managerial resources emerging as key enablers. These findings underscore the importance of leadership commitment and investment in human capital as foundational to digital financial transformation.

Technological perception, particularly the perceived ease of use, also plays a significant role; accounting software that is easy to learn, features a clear interface, and is user-friendly significantly increases the likelihood of using it. This supports the technology acceptance model, which posits that user perceptions are central to shaping behavioural intention and usage. Accordingly, ensuring that accounting software is intuitive and accessible is essential for promoting effective use of accounting software among SMEs.

Additionally, this study highlights the influence of competitive pressure, including external influences such as stakeholders and regulatory compliances, suggesting that SMEs are responsive to their external environment. These

insights point to the need for ecosystem-level interventions and coordinated stakeholder efforts to encourage broader adoption of accounting software across the SME sector.

5.2 Recommendations

To enhance the use of accounting software among SMEs, several policy and practical recommendations are necessary. Government agencies such as SIDO, along with training institutions, should develop structured training programs specifically tailored to the needs of SME managers and staff. These programs should emphasize both accounting software use and broader digital skills, recognizing that investment in training is among the strongest predictors of using accounting software and must therefore be prioritized. Public-private partnerships should also play a critical role by facilitating access to affordable digital infrastructure and financial resources, which may include subsidized licensing schemes, tax incentives, or credit support to reduce the cost burden of adoption.

In parallel, accounting software developers and vendors must design solutions that cater to local contexts, featuring intuitive, supported interfaces, simplified workflows, and mobile compatibility to meet the usability needs and capacities of Tanzanian SMEs. Industry associations should actively promote success stories and best practices in digital financial tool usage, as peer benchmarking and visibility of competitor adoption significantly increase the likelihood of uptake. Finally, policymakers should embed digital accounting transformation within national SME development strategies, recognizing digital tools not merely as optional enhancements but as essential infrastructure for business growth, tax compliance, and financial inclusion.

5.3 Contribution of the Study

This study contributes to the literature on digital financial management in SMEs in four principal ways. First, it addresses a critical contextual gap by examining Morogoro Municipality, a semi-urban setting that has been largely overlooked in prior Tanzanian scholarship, which predominantly emphasizes urban contexts. Second, it makes a conceptual contribution by disaggregating accounting software from the broader category of AIS, thereby elucidating adoption determinants that are unique to this discrete technological tool. Third, it offers a theoretical refinement of the TAM by integrating management support, perceived ease of use, and competitive pressure into a unified analytical framework, thus capturing the simultaneous influence of organizational, technological, and environmental determinants. Finally, it generates policy-relevant empirical evidence through a stratified sample of SMEs supported by SIDO, thereby providing actionable insights for policymakers, institutional actors, and software developers seeking to strengthen managerial capacity, enhance usability, and accelerate financial digitalization among Tanzanian SMEs.

Conflicts of interest: The authors declare no conflicts of interest.

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