DECLARATION

I, Melanie Muchekeni, declares that this project is my own work and has not been copied from any source without acknowledging the source.

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The undersigned certify that they have supervised the student's dissertation entitled:**Analysing the impact of using Ms Excel as accounting software in SMEs;**submitted in Partial fulfilment of the requirements of the Bachelor of Commerce in Accounting Honours Degree with Midlands State University.

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CHAIRPERSON   DATE

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DEDICATION

I would like to dedicate this research project to my mother who has given me tremendous support during the period of research. Thank you mum, you are the best.

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The writer would like to give profound gratitude to the Lord Almighty for the guidance, protection and wisdom that He provided throughout the research period. It is through His guidance that the researcher was able to produce this research project.

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Last but not least, special thanks to Khangela General Supplies (Pvt) Ltd staff for the production of information relevant for my research. Had it not been you, my project would have been a failed attempt.

ABSTRACT

The study is about an analysis onthe impact of using Ms Excel as accounting software in SMEs. The study examined the appropriateness of using Excel in financial reporting and decision making. The research made use of a case study design in which Khangela General Supplies (Pvt) Ltd was the case and henceforth interviews and questionnaires were used to gather data. The results showed that the use of Excel causes errors to vanish unnoticed and a delay in decision making. However, it was noted that some positive impact was got from using Excel. Recommendations made to the company include the reduction of the use of Excel in financial reporting, the adoption of AISs, outsourcing of funds and training of staff in getting the knowledge on the use of AISs.

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LIST OF ACRONYMS

KGS   - Khangela General Supplies (Pvt) Ltd

SMEs   - Small to Medium Enterprises

GRN   - Goods Received Note

AIS   - Accounting Information System

IT   - Information technology

MYOB   - Mind Your Own Business

Ms Excel   - Microsoft Excel

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CHAPTER 1

INTRODUCTION

INTRODUCTION

This chapter seeks to give an in-house depth on the study to be undertaken by the writer. It gives full information on the background of the study, the statement problem-which is a summary of the background of the study, the main research question, the research questions-which are guidelines to the study, the sub-objectives, the limitations and the delimitations of the study, underlying assumptions of the study, the definition of key acronyms and terms.

1.1 BACKGROUND OF THE STUDY

Khangela General Supplies (Pvt) Ltd is an SME that engages in the retail business of agriculture and fumigation services. The finance and administration department manages all the accounting systems of the organisation and uses Microsoft Excel as the accounting software. All the organisation's departments are computerised but a partial accounting computerised system is used, i.e., all transactions are first recorded manually and then captured in the computer system, i.e. the invoicing; the purchases, the goods received, the stock usage and all other accounting information.

Goods received notes are at times not generated when stock is received to show its presence in stock. Overstocking can be present due to an easy forgetting of these supplies of stock. Stock Report (11 March 2013), there was an issue of more than 20 chemicals that had expired and outdated but there was no record in both the computer system and in the manual stock accounts.

A fraud risk is certain since the system involves manual invoicing and receipting. It was observed that since some orders get cancelled by the customers, original receipts were cancelled out that had the details for the mentioned orders (Meeting Minutes: 15 October 2012). The Operations Director argued that the invoices that are cancelled could be used to clear arrears of customers and the cash received would then be personalized. Most errors that are recorded in the General Journal are omission errors, though there may be other errors likethose of commission, etc. This shows that information is distorted at times and hence biased decisions are made. Table below shows the number of omissions that were recorded in the past three years, i.e. from 2011 to 2013.

Table 1.1Number of recorded omissions

Year	Date of records	Number of omissions
2011	15/12/2011	29
2012	13/12/2012	32
2013	14/12/2013	27

**Source*: General Meeting Minutes (2011, 2012 and 2013)*

Adjustments to the information generated by Ms Excel are done outside the system, as the information is prone to errors, for the production of meaningful reports. The finance department may fail to produce the required reports and financial statements in time for making decisions due to a lapse of time while adjusting the reports produced by Ms Excel. Table 1.2 shows the variation between the deadline dates for submission of financial statements and reports to the directors and the actual dates of submission.

Table 1.2Submission dates of financial reports and statements to Directors

Year	Deadline of submission	Actual date of submission	Variance (Days)
2011	13/01/2012	20/01/2012	-7
2012	12/01/2013	18/01/2013	-6
2013	10/01/2014	15/01/2014	-5

Source*: General Meeting Minutes (2011, 2012 and 2013)*

Late submission of the financial statements is a violation of the Conceptual Framework which states that "information must be timely and must be provided in due time for the relevance of being used by decision makers (GAAP 2010)". Timeliness is an enhancer to the financial information provided as it gives relevancy of information to be used by decision makers (IFRS 2012). These problems have made the writer consider analysing the use of MS Excel as accounting software in SMEs to see whether if it has a positive or a negative impact on timely financial reporting.

1.2 STATEMENT OF THE PROBLEM

A constant failure of the production of reports in time for decision making has been present in KGS (Pvt) Ltd. Reports had to be made meaningful through manual adjustments to make them useful for decision making. This led to time consumption leading to a failure to produce reports in time. The aforesaid issues raised the writer's interest to analyse the use of MS Excel as accounting software in SMEs and its impact thereon on timely financial reporting.

1.3 THE MAIN RESEARCH QUESTION

What is the impact of using Ms Excel as accounting software in SMEs?

1.4 RESEARCH QUESTIONS

- What are the risks and challenges associated with the use of Ms Excel as accounting software?

- What are the components that make up accounting package effective?

- What are the available accounting packages for SMEs?

- What is causing SMEs not to adopt accounting information systems?

- What are the benefits associated with the adoption of accounting information systems?

1.5 RESEARCH OBJECTIVES

- To identify the risks and challenges that are associated with the use of MS Excel as accounting software that is being used by the organisation.

- To identify components that make up an accounting package effective.

- To identify the available accounting packages that are affordable to SMEs.

- To discuss the factors causing SMEs not to adopt accounting information systems.

- To discuss the benefits associated with accounting information systems adoption.

1.6 SIGNIFICANCE OF THE STUDY

To the researcher

The research is being carried out in partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honors Degree. The research will also broaden the researcher's academic knowledge on the study area.

To Midlands State University

The researcher believes that the problem fills a gap in literature and will contribute to the advancement of her field. Solutions to the problem also are expected to improve educational practice. The research will also help out other students in the near future with their researches on the same problem area as well.

To the Firm

As the researcher aims for a professional judgment through reviewing existing studies on the problem, she believes that practical solutions will be yielded from the research which will enhance the use of available accounting software and information systems that are affordable for SMEs.

1.7 DELIMITATION OF THE STUDY

- Information presented throughout the study was gathered from KGS (Pvt) Ltd in Gweru.

- Information used in this study covers the period between 2011 and 2013.

- The study only focuses on the analysis of the impact on the use of Ms Excel as accounting software in SMEs.

1.8 ASSUMPTIONS

The researcher assumes that:

- During the period of research, Ms Excel will still be used as accounting software in the organization and management does not have immediate intention of addressing the problem.

1.9 LIMITATIONS OF THE STUDY

- Lack of expected cooperation from the selected respondents; the researcher gathered information through interviews and questionnaires to improve the rate of responding.

- The researcher faced some financial constraints in designing and collecting information relevant for the study and had to communicate with respondents through cheaper means like emails.

- Confidential information could not be produced by the respondents due to the confidentiality clause of the company policy; hence some relevant information for the research could not be of avail to the writer.

1.10 DEFINITION OF KEY TERMS AND ACRONYMS

KGS: Khangela General Supplies (Pvt) Ltd

SMEs: Small-to-Medium Enterprises; are companies that have personnel that is below 250 employees.

E-commerce: an industry where the buying and selling of products and services is done over electronic systems such as the internet.

Accounting system: an organized set of manual and computerized accounting processes and procedures used to collect, record, interpret and present financial information for management decisions.

GRN: Goods Received Note.

Ms Excel: software designed and manufactured by Microsoft Corporation which allows users to organize, format and calculate data with formulas using a spreadsheet system broken up by rows and columns.

SUMMARY

This study unit was only giving an insight on the main study question the writer will tackle during the course of the study. It illustrated the background of the study, statement of problem, the main research question, the sub-research questions, the sub-objectives, delimitations and limitations of the study. It also gave the underlying assumptions of the study, definition of the key acronyms and terms and the summary to the study unit.

CHAPTER 2

LITERATURE REVIEW

INTRODUCTION

This chapter intends to give an insight on the literature review supporting the objectives inscribed in the first chapter. The objectives are to identify the risks and challenges that are associated with the use of Ms Excel as an accounting software, to identify the available accounting packages that are affordable to SMEs, to identify the components that make up effectiveness of accounting package, to discuss the factors that are causing SMEs not to adopt accounting information systems and to establish the effectiveness of the adoption of accounting information systems on timely financial reporting.

2.1 The risks and challenges associated with the use of Ms Excel as accounting software

Easy to use and accomplish tasks

Snider (2013) says it is easy to accomplish many tasks as Excel contains advanced features like the analysis toolkit, pivot tables and charts,etc.*Financial Statements Close Process Challenges* (2011) suggests that although there has been a significant push in the industry to reduce the use of spreadsheets in the financial statements close process, their use is still prevalent. Spreadsheets challenges are usually due to the difficulty in maintaining them in time for accuracy and deducing the volume, hence making it an unfortunate price for spreadsheet flexibility (Chang, 2014; French, 2012).

Spreadsheets get more difficult to manage and change as the work gets more complicated, though it is easy to create worksheets, reference cells, formulas and copy and paste links

(Chang, 2014). Snider (2013) discusses that dueling spreadsheets is a problem that occurs as a reason that spreadsheets are not bound to a single, unified source.

Quantitative analysis

Ms Excel is the most important software, simply the greatest and powerful for all times (Kwak, 2013).Chang (2014) "the learning curve for Excel is very short, so it is easy to use Excel and be productive right away. Excel makes it easy to store data, perform numerical calculations, format cells and adjust layouts to generate the output and reports to share with others."Kwak (2013) suggested that Excel has user-friendly front ends that enable an enormous capacity quantitative analysis.*Using Ms Excel for Quantitative Data Analysis* (2012) suggests that Excel can be used for generation and display of decent data for analysis.

Carlberg (2011) "Excel has become the standard platform for quantitative analysis". Excel has powerful statistical tools that help in gaining a deeper understanding of data, making more accurate and reliable inferences and solve problems in all business fields (Wyatt: 2013). Ms Excel can help in the analysis of data, as analyzing data is a very important skill for any professional (*Using Excel for Data Manipulation:* 2010). Shayya (2010) prescribes Excel as a standard corporate spreadsheet which is mainly used for data analysis and reporting by organizations around the world. Excel is not recommended for statistical analysis, beyond very basic descriptive statistics and getting a feel of data. Thuraiappah (2014) states that Excel is a just a medium of holding data and not for analysis hence not providing balance control features as in accounting systems.

Easy manipulation of data

Excel provides an accessible interface that lets one see what tends to happen to data as it is manipulated stated Snider (2013). Shayya (2010) "Excel comes on all computers as a

standard application and henceforth, offers user-familiarity, as there are no extra implementation costs; and facilitates data manipulation and graphic presentation".*Financial Statement Close Process Challenges* (2011) has stated that the risks of spreadsheets are mainly around what changes have been made to formulas that can change content, even if cells are protected and these cells can be turned off either intentionally or unintentionally. Mistakes in the addition of new rows and columns usually lead to bad results and decisions, since summary ranges, data and formulas need an update (Chang, 2014)**.**

Errors go unnoticed

Snider (2013) "thoroughly checking spreadsheets for errors is a chore that no one wants to do, so errors slip past unnoticed." Thuraiappah (2014) added on to say that Excel has no system of notifying errors hence human error cannot virtually be checked.He further says that Excel is only good as the user handling it, which means that errors made by the user can create problems such as under or overstating profits or budget shortfalls. "Inefficiency has arisen from using prior traditional accounting methods like manual input and record of daily transactions. Wrong data entry, massive utilization of paper products and inefficient task performance are errors that have created problems in most business activities and the performance of the"Kharuddin, Asharri, Nassir (2010). Additions and deletions made to some versions but not others can also create variances. According to the Ventana research, nearly half of enterprise-sized companies have experienced this problem where 44% of the survey respondents said they grapple with multiple, inconsistent spreadsheets. Spreadsheets errors can cause monumental problem as in the case where Kugel pointed out to J. P. Morgan's $6.2 billion trading losses that resulted from errors in spreadsheets used for analysis (Snider: 2013).

Delayed decision-making

It is an uncommon activity to see management so busy making amendments to the reports produced by staff from different departments. A major disservice to the organization is a talent wasted when management waive critical processes of making decisions in order to refine report (*Business Analytics*: 2010; McCollough: 2009). Delay of making decisions is present when upper management goes through the verification of data process. Keizer (2009) states that it takes longer to make important decisions that have an impact on productivity and revenue when it takes time to correct and update data errors. The end result of the delay in decision making that affect processes like month end accounting procedures and valuation of inventory translates into high costs or income (*Include Software*: 2012).

It takes a lot of time to input manually collected data in creating complex spreadsheets; the gathering and verification of the data inputted is a task that's time consuming on its own. McCullough (2009) "it will take a long process before decisions are made when it takes longer to collect data and construct manual spreadsheets." A significant delay arises when these decisions affect important organizational practices like sales, inventory and payment schedules. A loss in revenue and an incurring of high costs are the end results of delayed decisions(Keizer: 2009).

2.2 Components that make up an effective accounting package

Provides information required

Williams (2013) "these are tough times for businesses. Now, more than ever, it is vital to keep a very close watch on the company's finances, and that is where good accounting software can help automating many of a business's processes and producing detailed reports on precisely the operations of the business."An effective accounting package should

providethe required information necessary for management, tax estimates and preparation and should enable an easy figure (Arbaugh: 2009). The need of management mainly lies in the statements of financial position and of profit or loss, cash flow statements, receivables and payables may also be needed to see if the firm is moving in the right direction. Management is assisted in preparing tax returns by the tax estimations or preparations.

Arbaugh (2009) even suggests that the accounting system should provide figures that can be useful to both the state and federal. Also, some accounting systems provide for recurring entries, the ability to add accounts during data entry and math calculations.Williams (2013) "the issue of whether a cash or accruals basis is used in accounting for all transactions must be analysed. Usually when a cash basis is applied invoicing is not supported by accounting packages." However, Williams (2013) argued that each package has advantages and disadvantages in all these areas.

Imposing a demand of knowledge on the system

Accounting software imposes certain demands on management. If there is a manual system being used, most probably the journals kept are maintained with the correct data entries which are specific like purchases or sales and perhaps these would be posted to the general ledger every month end (Arbaugh: 2009). Much thought may have not been placed on the impact that these transactions would have on the management information and tax plans. However, electronic accounting forces one to deal with these issues from the start of setting up an accounts chart and the daily transactions entered and disbursed. Generation of financial statements and reports will have started then and the usefulness and validity of these statements and reports will be determined by the overall structure and disbursements.

Arbaugh (2009) stated "the bottom line is that for it to be an assurance that the systems serve the needs of management, management must make sure that they participate in the setting up

of the accounting systems and understand how these systems work. A close coordination between the ways accounts are prepared and management needs must be done for best results to be achieved. The good part is that no tax deductions slip away because of lack of documentation. Recently cloud accounting software is being adopted and has the advantages as stated on the available accounting packages above."

2.3 Available accounting packages that are affordable to SMES

According to Beal (2013)there is no need for small businesses to buy expensive accounting software programs and spending much time not knowing what to do with complicated reports. "packages made for small businesses simplify processes of getting caught up in complicated reports; and essentials like the general ledger, the capability of manufacturing detailed invoices or to view inventory movements within the organization"(Beal:2013).SMEs business is usually uncompetitive due to a lack of information systems, since SMEs are endorsed with competition from big organizations. Solutions to the non adoption of information systems is beyond the reach of SMEs and attempts to adopt these systems can at times lead to a cycle of making license payments(Turbocash; 2013).Onias, et al (2014)advised on the adaptable accounting software for SMEs which include cloud software, QuickBooks MYOB and Peachtree's accounting software.

Pastel accounting software

Pastel software in Zimbabwe (2013) states that the range of pastel's accounting software ensures sustainability and support of continued growth from small to medium to large enterprises. An upgrade to a pastel product range is best suited for small business owners and managers as there is security in the knowhow that as a business operations grow and change pastel will always support any kind of operation whether small, medium or large. "Sage Pastel is the SME market leader in S.A and its software products have user coverage of more

than 180 000 companies in Africa, Europe, the UK, Australia and Asia" *Pastel software in Zimbabwe(2013) on www.chips.co.zw*. A provision of flexibility and rich accounting software is done by the pastel product range.

Advantages

Intowely (2010) reflects that with Pastel one can analyse trends, produce accounts as well as generate and print complete financial statements with notes which can then save time on financial reporting and tax purposes. Roomes (2011) "if an organization offering debit orders as a method of payment to clients has the ability to produce recurring invoicing and set up debit order collection batches directly from the accounting software." Supplier or creditor payments as well as expenditures such as salaries can be released from the accounting application with ease (*Pastel Software in Zimbabwe*, 2013). Also, automatic downloads of bank statements which have been internally mapped to reconcile and post the transactions to one's business cash book and ledger accounts; this integration saves time while eliminating data capture errors during reconciliation (Intowely, 2010).

Disadvantages

Roomes (2011) indicated that Pastel is batch-based which is not a good idea for small businesses and; also the backing up procedure is horrible as it needs bulletproof especially in SMEs.

Cloud accounting software

Chinembiri (2013) wrote an article on the launch of the new cloud accounting software called Sage Pastel My Business Online in Zimbabwe during the month of March 2013. Chinembiri (2013) went on to say that cloud based accounting programme enables an access on small businesses accounts online from anywhere in the world as it was designed for small

businesses.He further went on to say that it's a first to have a cloud computing accounting program in Zimbabwe which enables small businesses to store financial information in cloud servers making the information accessible from any place that has internet connection.

Advantages

Thuraiappah (2014) states "cloud accounting software has a double entry method that take away errors giving accurate financial reports."An easy management of customers' and suppliers invoices and receipts, as well as returns and payments is made possible by My Business Online makes (*Pastel Software in Zimbabwe*, 2013). The software helps with management of stock movements and preparation of invoices and statements easily and quickly (Chinembiri, 2013)."Getting to choose using cloud accounting software eliminates the tasks of compelling newer versions of financial records with every small revision. Anyone with the access to this software can view the same information anywhere hence making cloud software an effective tool" Thuraiappah (2014).Okwuduche (2014) states that dependency on hard disks is reduced as data within the system remain secure. Financial information cannot be stolen as all access is logged hence giving information on who tried to access what.Thuraiappah (2014) provides that data is converted into actionable information useful for decision making in using cloud accounting software..

Okwuduche (2014) wrote "cloud accounting serves the need of timely decision making for managers since the world of today is all about speed.Information can be processed anywhere quickly by a manager provided there is e right device and internet connection."The cost spent on hiring and training accountants can be save done cloud accounting is in the picture.Cloud accounting improves the overall efficiency of a company if all the benefits of using this software are taken, e.g., fast decision making combined with the reduced overhead will

increase the productivity and efficiency of a company; butthere should always be some drawbacks in every worthwhile innovation (Okwuduche, 2014).

Disadvantages

Most of the potential drawbacks of cloud accounting come from the fact that small business management might not be keen to adopt and have reliance on business technology.Okwuduche (2014) have said that one danger of cloud accounting is that technical control of data is lost since data is in the cloud servers. The risk of losing data in the cloud is reduced if and when good practices are followed. Before entrusting accounting data to the care of a cloud vendor there should be an attainment of due diligence (Okwuduche: 2014). Other disadvantages include potential frustration if anything happens to the internet connections, cloud accounting is still characterized with a lot of myths and laws and legislations can be broken especially where there is a difference in countries being stayed in.

QuickBooks Accounting Software

QuickBooks is the easiest to learn as it requires minimal accounting knowledge.

Advantages

Roomes (2011) has indicated that QuickBooks is immediate and correctable as each entry affects the financial statements directly; and changes can be made at any point in time. In support of this, Hubb (2009) said that financial data is accurate with QuickBooks which conducts calculations and eliminates the need to double check data. QuickBooks official website (2009) "QuickBooks organizes all financial data and information and saves users' time for looking for documents. It is also easy to use as it uses familiar applications." Roomes (2011) adds on to say that QuickBooks is fully multi-currency and has extensive reporting.

Disadvantages

Arxis Cloud Computing (2013) argues that QuickBooks has a higher going rate for budgeting and forecasting software. Roomes (20110 added on to say that the criticism on QuickBooks is that it is difficult to import data from other accounting packages. Hubb (2009) states that QuickBooks is more complicated to use since it has been around for a while and manual effort has to be put in by the end user for it to function properly that is reports and transaction history are to be complied and requested for manually and the merging of information is not automatic as well argued *Arxis Cloud Computing* (2013).

Mind Your Own Business (MYOB) Accounting Software

MYOB accounting system (2013) states:

> "MYOB is simple accounting software for SMES; simple yet powerful accounting software with emphasis on work flows and business processes. It will help in the automation of every financial aspect of a business. The latest version has been tested to be compliant with windows 8. MYOB is easy to use. It is suitable for SMEs engaged in any kinds of business worldwide. Even when not familiar with accounting concepts and principles, MYOB can be used to record business transactions and does the double entry accounting behind the scenes. Each part of MYOB is designed to work the way the user does. It can enter cheques, create invoices and make purchase orders simply as if it were filling out a paper. The records entered and changes made in any record update the financial statements of the entire business instantly and accurately. MYOB accounting is tax ready for countries where tax is applicable."

Peachtree Accounting Software

Peachtree is mainly used by organizations that have complex inventory needs (Onias et.al. 2014).Consulting (2013) implies that Peachtree accounting features allow for the set up of non-inventory items which are those items that are usually not stocked but bought and sold.

Advantages

Prindivill (2010) purports "Peachtree is GAAP compliant, user friendly, no defined limits on number of stock items on inventory items, customers and vendors." Gerald (2009) supports this by saying that Peachtree allows for true customer numbers, good migration path to more robust accounting programs like management accounting systems. Gerald (2009) further suggested that once one get a hang of it, importing and exporting data will be pretty good. Consulting (2013) states that the accounting parts work fine so as do the financial reports.

Disadvantages

 Peachtree accounting software does not support multi-warehouses or multi-currency and is unable to do invoices which show the discount for each line item (*Peachtree accounting*, 2010). Peachtree is not a good database structure for importing web orders; it is unable to merge customers (Gerald, 2009). Consulting (2013) argues that although Peachtree is a very powerful accounting system, it can be rough to new users to grasp quickly especially those without an accounting background.

2.4 Factors causing SMEs not to adopt accounting information systems

Accounting information systems are regarded as assistance to management in planning and controlling by pro visor of relevant and reliable decision making information. Romney and Steinbart (2010) "An accounting information system consists of people, procedures, data, software and information technology infrastructure. An accounting information system

collects and stores data about activities and transactions, and processes data into information useful for decision making and provides adequate controls to safeguard the organizations assets."

Information Technology

Kannabiran and Dharmalingam (2012) suggested that generally SMEs lack the human and technological resources of information technology mainly because their focus is on day-to-day operations and hence lack time in getting to understand the benefits of new technologies. Ghobakloo, et al. (2011) even supported this by saying that hindrance in the adoption of information technology comes from in-house knowledge and expertise. Even with the knowledge of the benefits of adopting technologies, SMEs might still need expertise and qualified personnel.Kannabiran, Dharmalingam (2012) "workers in small firms are not at a very high level and lack of ICT skills or access to people with skills is one of the major obstacles for small firms to adopt advanced information technologies." The unavailability of the infrastructure involved in information technology hinders adoption of accounting information systems. The poor infrastructure and lack of information technology managerial and technical capacity are obstacles in the adoption of accounting information systems by SMEs (Kannabiran, Dharmalingam; 2012).

Size of the organisation

Ghobakhloo, Amado, Aranda (2011): in general, the process of information technology adoption in SMEs is different from their larger counterparts. It has been reported that there is significant difference between larger organizations and SMEs, since the larger organizations are getting substantial benefits as indicated by their improved sales and cost savings. "These differences could be in relationship with the characteristics of SMEs such as limited access to the marketplace, globalization constraint, flexible structure, faster responses to changes and

agile decision making process, as well as specific circumstances commonly referred to as a resource poverty" (Ghobakhloo, Amado, Aranda;2011). Consequently, information technology adoption by SMEs is considerably different from larger businesses. In support of this, Kannabiran, Dharmalingam (2012) suggested that firm size is a key determinat of the adoption of information technology, resource slack and infrastructure.

Inadequate financial record keeping

Ali, Rahman, Ismail (2012) state that despite the inherent benefits of accounting information systems, an adoption of them by SMEs is not quick. Surprisingly, not all SMEs produce financial reports. This failure is found to be associated with money not always being a prime motivator for SMEs owner-managers, no compulsion to report financial transactions and no statutory requirement to do so. "Furthermore, many SMEs are not aware or convinced of the requirements of financial reporting and accounting hence do not keep proper records and accounts for control and decision making" Ali, Rahman, Ismail (2012). Owner-managers of SMEs may not have the same motivator to keep their accounting information in accordance to proper accounting requirements. Sian and Roberts (2009) conducted a study on 299 small businesses in the UK and found that the owner-managers do not have adequate financial record because the financial statements were too complex, too long term, not timely enough or not particularly relevant. "In short, accounting information systems provide great benefit to SMEs but its adoption by SMEs is still unclear. Non-adaptors may still doubt its usefulness or perchance there are other reasons for not adopting it including cost, organizational readiness and lack of government support" Ali, Rahman, Ismail (2012).

Lack of financial resources

Kanhabiran, Dharmalingam (2012) states thatSMEs may consider some technologies to be expensive due to a lack of financial resources hence a lower chance in the adoption of higher

investments like the accounting information systems. Lack of finance is a major constraint for in the adopting advanced information technologies foe SMEs."Various researchers studied the cost factor and found that there is a direct relationship with the adoption of information technology" (Kannabiran, Dharmalingam: 2012).

Human behavior on perceived ease of use

"Human behavior based on perceived ease of use and perceived usefulness play a huge role in influencing the adoption of accounting information systems" (Gwangwava, et al. 2012). Users with the perception that the systems are useful and are easy to use find it easy to adopt the technology than those that do not.Legrisa (2009) cited in Gwangwava, et al. (2012) in support suggested that the most two important factors in explaining the adoptions of accounting information technologies are the perception of easiness to use and usefulness perceptions.Thus, SME owners' behavior on the perception of the characteristics of the electronic means influences the intention of adopting accounting information systems.Gwangwava, et al. (2010) "therefore, owners and managers who perceive accounting information systems to be superior, compatible and easy to understand are more willing to adopt electronic means". The negative perceptions on accounting information systems, that is perceived thoughts that the systems are complicated and beyond e needs of the SMEs; then there is a lesser chance of adopting them.Gibson, et al. (2010) cited in Gwangwava (2012) suggested "accounting information systems adoption and implementation could be highly a complex task in which strong managerial and strategic competences are required to achieve the best fit between business peculiarities and the system itself and to deal with the unavoidable organizational impact induced by an accounting information system implementation."

2.5 Benefits associated with the adoption of accounting information systems

Achievement of competitive edge

"The accounting information system has been seen as an important enabler to achieve sustainable competitive edge, for example, accounting information system can produce proper and timely information; and accounting reports which can inform SMEs the consequences of their firm's operations and the impacts of their past decision making performance" Ali, et al (2012). Perez, et al. (2010) stated that investing in information systems and technologies give a competitive advantage to SMEs as it helps in achieving better results since SMEs are flexible and have a better capability of responding. Accounting information systems make data execution processes and financial transactions easy to execute providing the SME decision makers prepared and readily available with information necessary for planning, controlling and operating the business effectively.

Assistance in decision making

Pornpandejwittaya (2012) states "the effectiveness of the accounting information systems can be received providing management information to assist concerned decisions. The effectiveness is a measure of success to meet the established goals." Profitability applied to the major concern area of the organization id the definition of a success implementation of an accounting information system, which can then be used by more satisfied users and there is improvement of the quality of their performance.

Retaining of market share

"Effective accounting information systems, in providing timely and errorless information through quick data retrieved, can support competition dynamism of a business to complete and survive in today's rapid and volatile economy" (Ali, et al:2012). The danger of not

keeping pace with the use of latest business technology may not only cause businesses to lose market share but also they may cease from the market. With regard to accounting information systems, failures of SMEs have been found to be highly related touses that are made out of accounting information. In addition, most causes of SME failure are found to be directly related to the accounting systems including fraud, inadequate accounting experience, lack of an adequate accounting system and management's lack of accounting knowledge. Conversely, maintaining good accounting records and financial control are important to increase chances of SMEs to succeed.

A generalized opinion in most sectors in Spain imposes that using information technology enables business market expansion and the saving of commercial costs of management.Santamaria, et al. (2010) demonstrated that the implementation of information technology have made possible a decrease in costs through decreased labor time; and Badescu and Garces-Ayebe (2009) have made an analysis on the impact of information technology on productivity and no direct relationship was derived from there.

 Simplified accounting processes

"The development of computerized accounting systems has transformed the way small businesses keep their accounting records; and has permits small business owners to simplify the accounting processes leaving them more time to work at their main business" (Simmons, Hardy; 2011 cited in Moshref, et al. 2012).Effective accounting information systems provide SME managers with information that helps in monitoring and controlling costs, expenditure and cash flows. However, Simmons and Hardy (2011) argue that computerization requires some amount of financial commitment with a great deal of managerial and technological expertise needed at the very beginning of the installation process in order to launch a

successful venture. There is also need to assess the cost-benefit effects that will help in carefully weighing the two.

SUMMARY

This chapter intended to produce supporting authoritative sources on the objectives of the study being carried out. Different authors have had their say in regard to the impact of using MS Excel in SMEs. The next topic will be about the research methodology.

CHAPTER 3

RESEARCH METHODOLOGY

INTRODUCTION

This chapter aim to present the research methodology by focuses on how data was collected in order to answer the research questions and objectives. Research design, sources of primary and secondary data, data collection methods and sampling techniques are clearly explained and justification for their use is given. The chapter went on to elaborate on the validity reliability of the collected data, the intended data presentation and analysis and the summary of the chapter.

3.1 Research methodology

According to Mamabolo (2009) methodology refers to the way in which research was done to obtain, organise and analyse data in its logical sequence. Howell (2013) defines methodology as a strategy that shows the way in which a project research was done identifying the methods used defining the means and modes of collecting data.

3.2 Research design

A descriptive research design was chosen for this study. A descriptive research design is defined by Kowalczyk (2013) as a study designed to depict the participants in an accurate manner or it is just all about describing people who take part in the study. A case study was used for the purpose of this research and KGS (Pvt) Ltd was used as the temporary case at which research was carried out. The case study approach assisted in the exploring of

solutions and recommendations for complex issues.The study helped in reducing the population size. However, it was a bit expensive and time consuming in doing the case study.

3.3 Research population

According to Amviko (2011) "Research population is the total of all the individuals who have certain characteristics and are of interest to a researcher." *Chapter 3: UNISA guide*, refer to the population as the total number of objects, subjects or members that are conformed to set specifications. The population for this study was the management and employees of KGS (Pvt) Ltd.

3.4 Sampling method

According to Boyd (2014) "sampling is a process used to study a response to an intervention in a small population that can be applied to a larger population." A sample can be called a population research subset. A sample of 5 employees from the finance and administration department, 3 from the pest control department, 2 employees from the agricultural services department and 3 employees from the restaurant department was chosen for this research. They were chosen from a population of 5, 4, 3 and 7 employees respectively. For face to face interviews, three management staff was chosen from a total population of five

Table 3.1 below shows how the sample was selected from the population.

Respondents	Population	Sample population	Percentage(%)
Management	3	3	100
Finance and Administration Department	5	5	100

Pest control department	4	3	75
Agricultural services department	3	2	66.67
Restaurant department	5	3	60
Total	**20**	**16**	**80**

Wegner (2010) states that a population sample of 50% represent the total population size, and hence it can be concluded that the sample of 16, which is above 50%, represents all the employees at KGS (Pvt) Ltd.

3.5 Sources of data

Both primary and secondary sources of data were used to analyse the impact of using Ms Excel as accounting software in financial reporting.

3.5.1 Primary sources of data

Primary data is information that is collected for the purpose of a research project and is specifically tailored to research needs (Grimsley: 2013). *NYU Libraries* (2014) provide that primary sources of data are materials that contain direct evidence and first hand testimony of a topic or event under investigation. Face-to-face interviews and questionnaires were used during the study as primary sources.

Primary data is an enabler of collecting data specifically related to a problem and gives a great control over the accuracy of the data. Using primary data also enabled the researcher to explain the difficult questions that could not be understood hence getting the required data.

3.5.2 Secondary sources of data

According to *NYU Libraries* (2014) secondary sources usually use primary data to solve research problems. Amviko (2014) defines secondary data as data collected by someone else besides the user. During the course of this research, the researcher used mainly the meetings minutes as the secondary source of data collection.

Secondary data was cheap and easily accessible and was readily available. The information from the sources was already simplified hence being easily understandable.

3.6 Likert scale

Vanek (2012) defined a likert scale as the actual sums of several responses. Amviko(2014) gave the definition of a likert scale as a scale of responses used in questionnaires used for obtaining the degree of participants in agreement with the statements. Likert scales only measure single characteristics and are non-comparative in nature. The likert scale method assisted in making the questionnaires complete and easy to read since they did not take the respondent's time in completing. It was very easy to construct the likert scale and the data compiled by way of likert scale is easy to present and analyse.

3.7 Sampling techniques

Saunders, Silverstone and Thornhill (2009) define sampling techniques as methods that help the researcher in reducing the amount of data to be collected by considering only a subgroup rather than the total population of elements. Non-probability sampling technique was used in this research.

3.7.1 Non-probability sampling

The judgemental sampling method was used as a non-probability sampling technique. The researcher used her own judgement in selecting the sample that suits the best answering of

the research questions for achievement of research objectives as suggested by Saunders, Silverstone and Thornhill (2009). In this research a sample is taken from all the departments of the organisation.

3.8 Research instruments.

The research instruments used were both primary and secondary collection instruments.

3.8.1 Primary data collection instruments

a) Questionnaires

Questionnaires were distributed to the chosen respondents in the sample frame and were self-administered. Questionnaires were used as they help in a collection of large amounts of information in a short period of time. Also, questionnaires were a relative cost effective approach. Responses were easily collected and the data collected was easily quantified by the researcher. Although questionnaires were easily understandable, characteristics like change of mood and emotions towards the questions asked could not be expressed by the respondents.

b) Interviews

An interview is a structured conversation usually controlled by the researcher which is defined and controlled (Kvale; 2011). For the purpose of this research, face-to-face interviews were used and a semi-structured interview guide was used as well. The use of a semi-structured interview allowed for freedom exploration of views and opinions in a more detailed way. The structure also allowed for flexibility and consistency in giving questions and responses. Also, the structure gave time for more detailed information as the researcher could ask for queries on those answers not understood. However, interviews are time consuming as it takes time in collecting the data as well as analysing it.

3.8.2 Secondary data collections instrument

Data was compiled through the company documents. The company documents which were used are the minutes of the meetings held. They helped in defining the research problem.

3.9 Validity and reliability of data

3.9.1 Validity

Validity and reliability (2014) defines validity as the extent to which the instruments measure what its purports to measure. Information is valid when it is relevant and appropriate for the research area and if it is more directed to the concepts under scrutiny. The validity of information for this research was ensured through asking of relevant questions relating to the research objectives.

3.9.2 Reliability

"Reliability of data literary refers to the extent to which one can rely on the source of the data and the data itself" (*Validity and reliability*: 2014). Questionnaires were pre-distributed to see if the respondents understood the data to ensure if the questions were precise and clear. Data triangulation was used for more persuasive evidence for data collected through questionnaires and interviews.

3.10 Data presentation

An effective presentation of information is by using graphs. Data compiled was grouped according to mode, similarities and percentages. Pie charts, bar and column graphs were used in the presentation of data.

3.11 Data analysis

Myers (2009) defined data analysis is a systematic explanation of research findings. Data collected was analysed by way of narrative description and summaries were also used in analysing qualitative data that was collected.

Summary

This chapter mainly looked at the research methodology used during the research process, including the sources of data, sampling techniques, population sample and the presentation and analysis of data. The next chapter will be based on data presentation and analysis.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

INTRODUCTION

This chapter intends to present and analyse the collected data by way of questionnaires, interviews and organisational meeting minutes. Data analysis is a way of organising and giving structure to the raw data that was collected. The findings will be fully interpreted to relate them to the objectives of the research. A summary will be at the end to briefly present the discussions in this chapter.

4.1 Data collected by way of questionnaires

For the purpose of this research, twelve questionnaires were distributed to four employees from the Finance and Administration Department, three employees from the Pest Control Department, two employees from the Agricultural Department and three employees from the Restaurant Department. Three interviews were also held with the organisation's management.

4.1.1 Questionnaire response rate

Questionnaires were used to gather much data for the research and interviews were based on these questionnaires. Of the twelve questionnaires that were administered, only ten were responded to and returned. The other two were not responded to, which gave a response rate of 50%. This is summarised in table 4.1.

Table 4.1 Departmental questionnaire response rate

Department	Administered	Successful	Response rate %
Management	3	0	0
Finance and Administration Dept	5	3	60
Pest Control Dept	3	2	66.67
Agricultural Dept	2	2	100
Restaurant Dept	3	3	100
Total	**16**	**10**	**62.50**

Remenyi, et al. (2009) and Cooper and Schnider (2012) concluded that a response rate of 50% is good, 60% better and 70% is reliable, henceforth the response rate of 62.50% is of more reliance in giving valid and reliable information.

4.1.2 Level of education of respondents

Table 4.2 Respondents level of education

| Level of education	Respondents	Percentages (%)
O level and below	0	0
A level	0	0
Certificate	3	30
Diploma	5	50
Degree	2	20
Degree +	0	0
Total	**10**	**100**

Table 4.2 shows that the respondents are better educated as 30% (3/10) of the respondents have certificates, 50% (5/10) have diplomas and 20% (2/10) have degrees. Onias, et al. (2014) supports the educational levels by saying that education increases the knowledge of the SMEs owners in the various accounting fields and the chance of the success of the business. Marten (2009) in a study on the success of small businesses in Canada found that the success of a business lies in the education of the owner and the employees.It can thus be concluded that the data collected can be relied on since the respondents are well established education wise as 100% have a certificate or better in education.

4.2 Questionnaire responses and analysis

Question 1: What percentages in your department use Ms Excel to record transactions?

The question wants to solicit the average number of departments that record transactions using Ms Excel as shown in Figure 4.1 below.

Figure 4.1 Percentages of departments that record transactions using Ms Excel
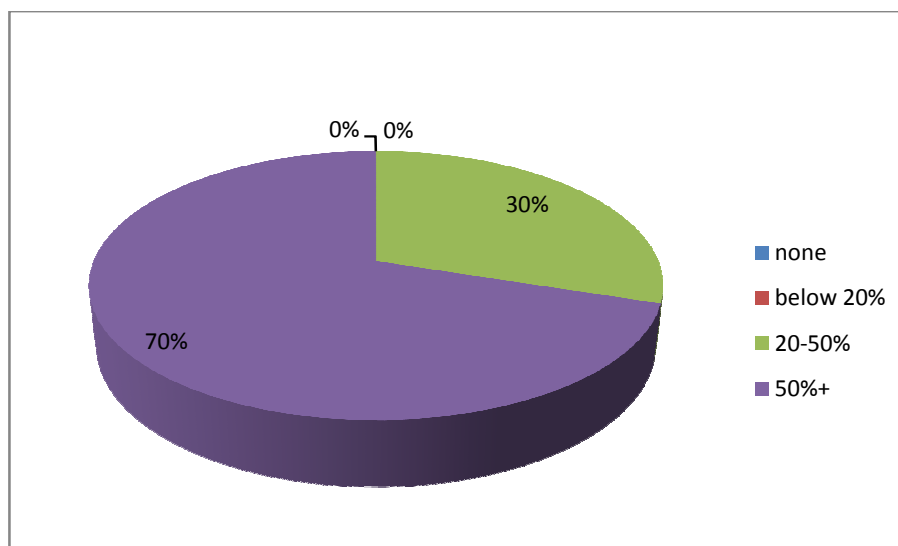
Source: Primary Data

From the figure above, it is shown that most of the transactions are recorded using Ms Excel as 70% (7/10) have agreed that 50% + of all the departments use Ms Excel in recording transactions. 30% (3/10) have responded that 20-50% of their departments' record transactions using Ms Excel. Shayya (2010) have commented that since Excel comes on all computers as a standard application and henceforth offers user-familiarity hence it becomes used by almost everyone. In conclusion, most departments record transactions using Ms Excel which is in support with the 100% (70% + 30%) responses that are in agreement.

Question 2: What percentage are your invoices generated by Excel?

The question sorts to get to know the average number of invoices that are generated with Ms Excel as shown in Table 4.3 below.

Table 4.3 Percentages of invoices generated by Excel

Response	No of respondents	Response rate (%)
None	0	0
Below 20%	0	0
20-50%	1	10
50% +	8	90
Total	**10**	**100**

Source: Primary Data

Table 4.3 above shows that 9/10 (90%) have responded that 50% + of invoices are generated by Exceland 1/10 (10%) have responded that 20-50% are generated by Excel. *Benefits of using invoicing software (2014)* stateswhen using an Excel template invoice, there in need for performing manual accounting process which is time consuming and some details about specific invoices or transactions may easily be forgotten. Thus it can be concluded that all

invoices in the organisation are generated by Excel as shown by the agreeing 100% (90%+10%).

Question 3: What are the risks and challenges of using Ms Excel?

The question sorts to identify the positive and negative risks and challenges of using Ms Excel as shown in Figure 4.2.

Figure 4.2 Risks and challenges of using Ms Excel
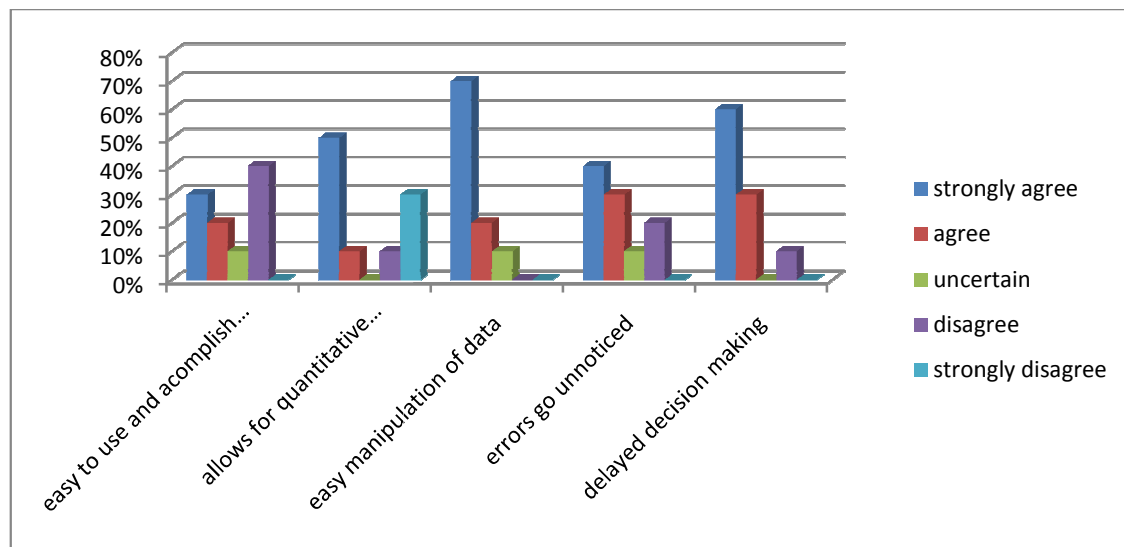
Source: Primary data

Easy to use and accomplish tasks

According to figure 4.2, 30% (3/10) strongly agreed and 20% (2/10) agreed that it is easy to use and it is easy to accomplish a wide range of tasks with using Ms Excel. This is in support with Snider (2013) who said that with Excel it is easy to accomplish a whole wide of tasks as it contains pivot charts and tables, analysis toolkit, etc. One respondent (10%) was uncertain of whether it is easy to use Excel or not. 40% (4/10) disagreed to the positive risk of easy usage of; and accomplishment of tasks in Excel. This is compliance with what Chang (2014) and French (2012) say about spreadsheets; that is, spreadsheets challenges are usually due to

the difficulty in maintaining them in time for accuracy and deducing the volume, hence making it an unfortunate price for spreadsheet flexibility. Therefore, it can be concluded that Excel is easy to use and it makes it possible for easy accomplishment of tasks since 50% agreed to it.

Quantitative analysis

Figure 4.2 illustrates that 50% (5/10) of the respondents strongly agreed and 10% (1/10) agreed that Excel allows for quantitative analysis. Wyatt (2013) in support suggested that Excel has statistical powerful tools that help in getting a deeper understanding of data. 10% disagreed and 30% (3/10) strongly disagreed that Excel allows for quantitative analysis. Thuraiappah (2014) supports those who disagreed by saying that Excel just holds the data and cannot be used for analysis. It can be concluded that 60% (50% +10%) agreed to the risk of holding a quantitative analysis in Excel hence Excel is useful in quantitative analysis.

Easy manipulation of data

The figure shows that 70% (7/10) strongly agreed and 20% agreed that with Excel data can be manipulated easily. In support of this, Shayya (2010) states that Excel facilitates manipulation of data. Only 10% was not certain whether Excel facilitates easy manipulation of data or not. Hence overall, it can be deduced that data is easily manipulated in using Excel since 90% (70% + 20%) 90% were in agreement.

Errors go unnoticed

According to figure 4.2, 40% (4/10) strongly agreed and 30% (3/10) agreed that most errors in Excel go unnoticed. Thuraiappah (2014) stated that Excel has no way of checking on human error which goes in support with the responses in favour of the challenge. Even Kharuddin, Asharri, Nassir (2010) are in support of this by saying errors have created most

business activity problems and organisational performance. 10% (1/10) was uncertain and 20% (2/10) disagreed to the fact that errors vanish without being noticed. Therefore since 70% (40% + 30%) agreed to the disappearance of errors without notice, it can be concluded that most errors that underlie in Excel can go unnoticed.

Delayed decision making

Figure 4.2 shows that 60% (6/10) strongly agreed and 30% (3/10) agreed that a challenge in decision making is experienced and McCollough (2009) have stated that since most reports manufactured by Excel are prone to errors such that adjustments have to be made outside the system. Only 1 respondent (10%) strongly disagreed to the delay of making decisions. In short, it can be deduced that, since 90% agreed to the fact that with Excel decision making is delayed, using Ms Excel in producing reports can surely delay the making of business decisions.

Question 4: What are the components that make up an effective accounting package?

The question aimed at attaining the components that make up accounting package effectiveness and figure 4.3 and table 4.5 indicate all this.

Provision of required information

Figure 4.3 Accounting packages provide information required

provision of required information

Legend: ■ provision of required information

X-axis categories: strongly agree, agree, uncertain, disagree, strongly disagree

Y-axis: 0% to 45%
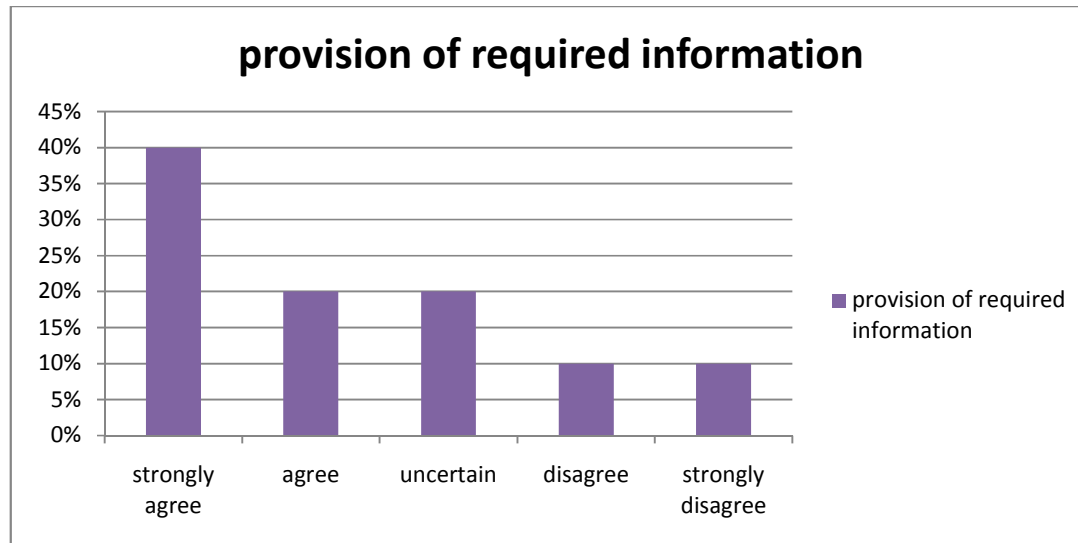
Source: Primary Data

As shown above 40% (4/10) strongly agree together with 20% (2/10) agree that an accounting package should provide information that is required for use, as supported by Arbaugh (2009) that a right accounting package should give information for tax estimation and preparation as well as for management. In conjunction, Williams (2013) said that there is need for a close watch on company finances and good accounting software helps automating many business processes and in detailed reports production precisely on business operations. 20% response was given as uncertainty of suchsince there is no access to an accounting package in KGS (Pvt) Ltd. Only 10% of the respondents disagreed and 10% strongly disagreed to fact that an accounting package must provide information required. In conclusion, an accounting package is supposed to provide information that is required when it is needed as supported by the 60% (40% + 20%) who were in agreement.

Imposing a demand on the knowledge in processes

Table 4.4 Demand is imposed on process knowledge

	Strongly agree	agree	Uncertain	Disagree	Strongly disagree	Total
No of respondents	2	1	4	2	1	10
Responserate	20%	30%	20%	20%	10%	100%

Source: Primary data

Table 4.4 above shows that 20% (2/10) strongly agreed and 30% (3/10) agreed that a demand on the process knowledge is imposed on management. Arbaugh (2009) supported this by saying that management must be hands on from the setting up of the software to all the final touches of how to use the packages. 20% (2/10) of the respondents were uncertain on whether a demand on knowledge is imposed or not, whilst 20% (2/10) disagreed and 10% (1/10) strongly disagreed on the fact that demand is imposed. It can thus be concluded that the accounting packages impose a demand on management of getting the knowledge as 50% (20% + 30%) agreed to that.

Question 5: What are the preferred accounting packages that are affordable to SMEs?

This question intends to enquire on the affordable, preferable accounting packages for the organisation, and table 4.6 below illustrates the responses that were got.

Table 4.5 Affordable, preferred accounting packages

Package	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Pastel	3	3	0	3	1	10
Percentage	**30**	**30**	**0**	**30**	**10**	**100**
My business online	6	3	1	0	0	10
Percentage	**60**	**30**	**10**	**0**	**0**	**100**
Peachtree	0	2	3	3	2	10
Percentage	**0**	**20**	**30**	**30**	**20**	**100**
MYOB	0	1	2	7	0	10
Percentage	**0**	**10**	**20**	**70**	**0**	**100**
QuickBooks	0	1	3	4	3	10
Percentage	**0**	**10**	**30**	**40**	**30**	**100**

Source: Primary Data

Pastel accounting software

Table 4.6 illustrates that 30% (3/10) strongly agreed and 30% again agreed that pastel is an affordable, preferable accounting package. Since Intowely (2010) reflects that Pastel helps in analysis of trends, production of accounts and generation of complete financial statements which can then save time on financial reporting; it is then in support of the 60% that agree on Pastel being a preferable package. 30% disagreed and 10% agreed that Pastel is not an affordable, preferable accounting package for SMEs. Roomes (2011) suggested that Pastel has batch based system which is not preferable for SMEs, hence in support of the disagreed responses. Thus it can be concluded that Pastel is preferable since 60% (30+30%) agrees to that.

My business online (cloud) accounting software

It is shown in table 4.6 that 60% strongly agreed and 30% agreed that my business online is an affordable and preferable accounting software. In support of this, Chinembiri (2013) wrote that my business online software is a cloud software that was designed for small businesses to allow for access of accounting information from anywhere around the globe. Only 10% of the respondents were uncertain of the affordability and preference of this software. It can thus be concluded that My Business online software is affordable and preferred since 90% agreed to that.

Peachtree accounting software

Table 4.6 shows that 20% (2/10) agrees that Peachtree is affordable and preferable and Gerald (2009) supports this by saying that Peachtree allows for true customer numbers, good migration path to more robust accounting programs like management accounting systems. 3 respondents (30%) were not certain about Peachtree; and 30% (3/10) disagreed and 20% (2/10) strongly disagreed that Peachtree is a preferable accounting package and in support Consulting (2013) suggested that although Peachtree is a very powerful accounting system, it can be rough to new users to grasp quickly especially those without an accounting background. Since 50% (30%+20%) disagree to the availability and preference of Peachtree accounting package, it can be concluded that it is not a preferable package.

MYOB (Mind-your-own-business) accounting software

In the table 4.6 it is shown that 10% (1/10) only agreed that MYOB is a preferable accounting package, while 70% (7/10) are not certain about it and 20% disagree to the affordability and preference of MYOB. *MYOB accounting system (2013)* advices that MYOB accounting software is preferable and tax ready for countries where GST and VAT are applicable.

Therefore it can be concluded that MYOB is not affordable and preferred since most of the responses (70%) are not certain about it and 20% are in disagreement.

QuickBooks accounting software

Table 4.6 illustrates that only 10% (1/10) agrees to the adoption of QuickBooks and 40% (4/10) are uncertain about it. 20% (2/10) disagreed and 30%(3/10) strongly disagreed that QuickBooks is preferable and affordable accounting software; mainly because it is an accounting software that was designed a long time back and can be complicated to use as suggested by Hub (2009). Since half of the responses (20%+ 50%) are disagreeing on the preference and affordability of QuickBooks, then the conclusion is that QuickBooks is not preferable and affordable.

Question 6: What are the factors causing SMEs not to adopt accounting information systems?

The question wanted to attain the factors that cause SMEs not to adopt accounting information systems as indicated by figure 4.4

Figure 4.4 factors causing non-adoption of accounting information systems
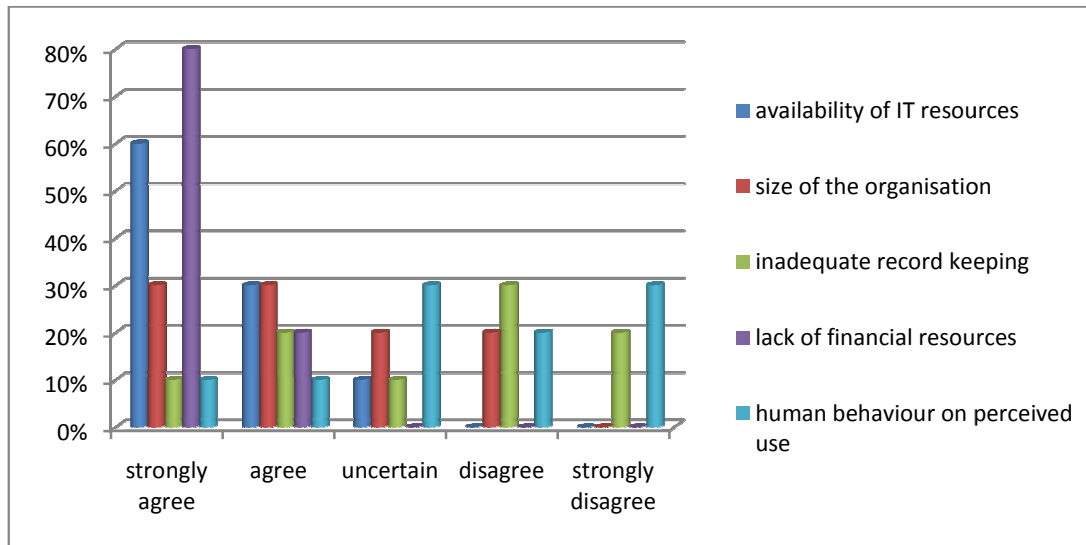
Availability of IT resources

Figure 4.4 is illustrating that 60% (6/10) strongly agreed and 30% agreed to the fact that the availability of IT resources causes non-adoption of accounting information systems as supported by Kannabiran and Dharmalingam (2012) that SMEs generally lack technological and human resources. Only 10% was not uncertain of this factor. None of the respondents disagreed to the fact that IT resources should or should not be available. Hence it can be deluded that availability of IT resources is of paramount importance in adopting accounting information systems since 90% agreed to it.

Size of the organisation

Figure 4.4 shows that 30% of the respondents strongly agreed and 30% agreed to the fact that the size of the organisation has an impact on non adoption of accounting information systems, as supported by Kannabiran, Dharmalingam (2012) who suggested that firm size is one of the most critical determinants of information technology adoption. 2/10 (20%) were uncertain to this fact which is an implication that maybe a lack of knowledge on causes of non-adoption is related to the size of the firm. 20% were in disagreement to the size of the

organisation having an impact of non-adoption. Henceforth, since 60% (30% + 30%) is in agreement to the fact that size of an organisation has an impact on adoption of accounting information systems; it can thus be concluded on that.

Inadequate record keeping

It is shown on figure 4.4 that 10% strongly agreed and 20% agreed to that an inadequate keeping of records lead to non-adoption of accounting information systems; and in support of this Ali, Rahman, Ismail (2012) stated that since many SMEs do not keep proper financial records and accounts, they are not convinced of the control of the usefulness of accounting and financial reporting and accounting information systems for decision making. 10% of the respondents were not certain of the impact of inadequate record keepingwhich is supported by Ali, Rahman, Ismail (2012) that other reasons of not adopting are because of the doubtfulness of the use of the accounting information systems. 30% disagreed and 20% strongly disagreed to this and it is supported that some owners or managers may not have the same motivator of keeping the accounting information as per proper accounting requirements. In conclusion, the inadequacy of record keeping does not have much effect on the adoption of accounting information systems as shown by the 50% (30% + 20%) who were in disagreement.

Lack of financial resources

Figure 4.4 shows that 80% (8/10) strongly agreed and 20 % (2/10) agreed that a lack of financial resources is a factor that causes non-adoption of accounting information systems. Kannabiran, Dharmalingam (2012) are in support of this as they said that a lack of finance is one of the major constraints of organisations in the adoption of advanced information technology by SMEs. None of the respondents responded to uncertainty or are in disagreement; which shows that financial resources are a huge factor on adoption. Therefore,

it can be concluded that a lack of financial resources are a factor of non-adoption a shown by the 100% response rate in agreement.

Human behaviour and perceived use

Figure 4.4 shows that 10% strongly agreed and 10% agreed that the human behaviour has an impact on adoption of accounting information systems. In support of this, Gwangwava, et al. (2012) stated the perception of the characteristics of the electronic means by the SME owners and managers and their intention on adopting influences therefore, the adoption of accounting information systems. The uncertainty response rate is 30% implying that the respondents do not have full knowledge on whether human behaviour and perceived use go hand in hand with the adoption of accounting information systems. 20% disagreed and 30% strongly disagreed that human behaviour has an influence. Gibson, et al. (2010) cited in Gwangwava (2012) suggested that accounting information systems adoption and implementation could be highly a mammoth task which requires strong managerial and strategic competences to achieve the best fit between business systems. Therefore, human behaviour has a minimum impact on adoption of accounting information systems as shown by a total response of 50% who were disagreeing.
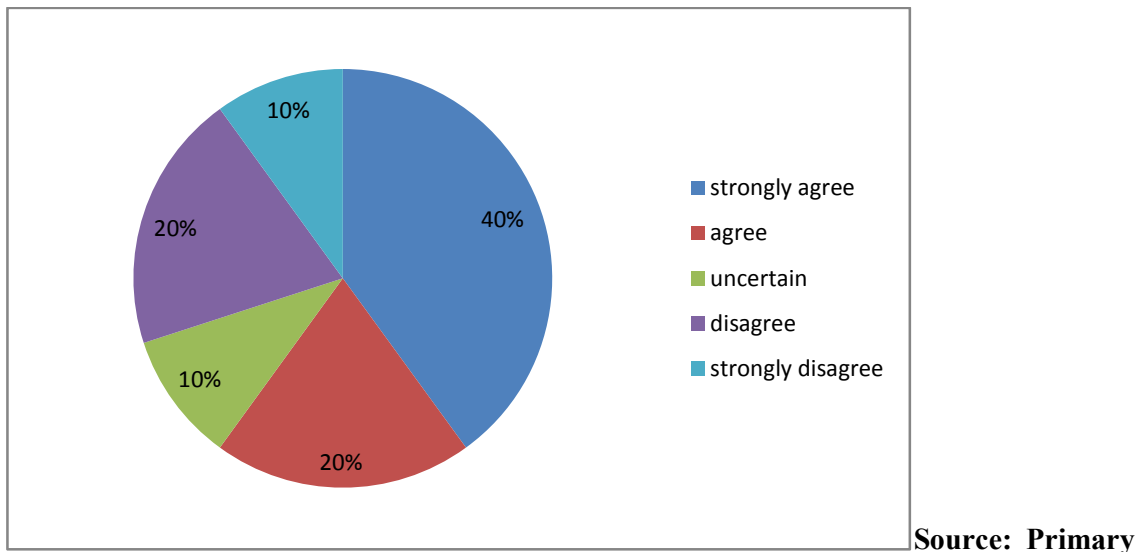
Question 7: What are the benefits of adopting accounting information systems?

The question intents to identify the benefits that arise after accounting information systems are adopted.

Achievement of competitive edge

Figure 4.5 shows the response rate on the benefit of achieving competitive edge.

Figure 4.5 Achievement of competitive edge

Source: Primary Data

Figure 4.5 above shows that 40% strongly agreed, 20% agreed, 10% were uncertain, 20% disagreed and 10% strongly disagreed that achievement of competitive edge is a benefit of adopting accounting information systems. Perez, et al. (2010) in support of those in agreement, stated that investing in information systems and technologies give a competitive advantage to SMEs as it helps in achieving better results since SMEs are flexible and have a better capability of responding. Therefore an achievement of competitive edge is a benefit of adopting accounting information systems as 60% (40% + 20%) agreed to it.

Assistance in decision making

Response rates on the assistance in decision making as a benefit of adopting accounting information systems is illustrated in Table 4.7.

Table 4.6 Assistance in decision making

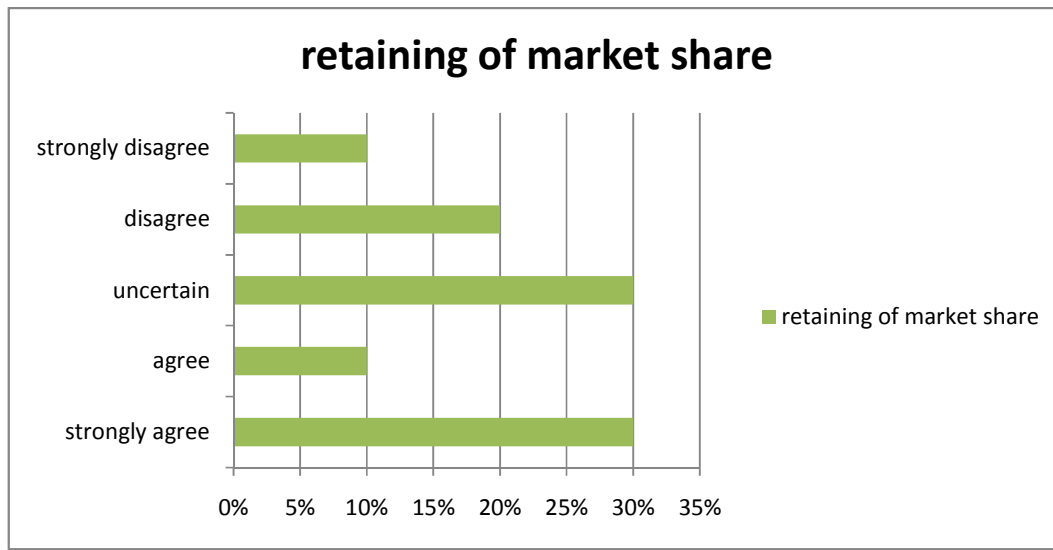|	Number of respondents	Response rate (%)
Strongly agree	6	60
Agree	3	30
Uncertain	0	0
Disagree	1	10
Strongly disagree	0	0
Total	**10**	**100**

Source: Primary Data

Table 4.6 above is showing that 60% (6/10) strongly agreed, 30% (3/10) agreed and 10% disagreed that adopting accounting systems will be assistance in decision making. None of the respondents were uncertain and strongly in disagreement. In support of those who agreed , Ali, et al. (2012) provided that accounting information systems make execution of data processes and financial transactions easy to provide the decision makers of SMEs with the information needed in planning, controlling and operating business effectively. Thus it can be concluded that assistance in decision making is a benefit of the adoption of accounting information systems as 90% were in agreement to that.

Retaining of market share

Figure 4.6 shows the responses on the benefit of retaining of market share by adopting accounting information systems.

Figure 4.6 Retaining of market share

retaining of market share

strongly disagree	
disagree	
uncertain	■ retaining of market share
agree	
strongly agree	

0% 5% 10% 15% 20% 25% 30% 35%
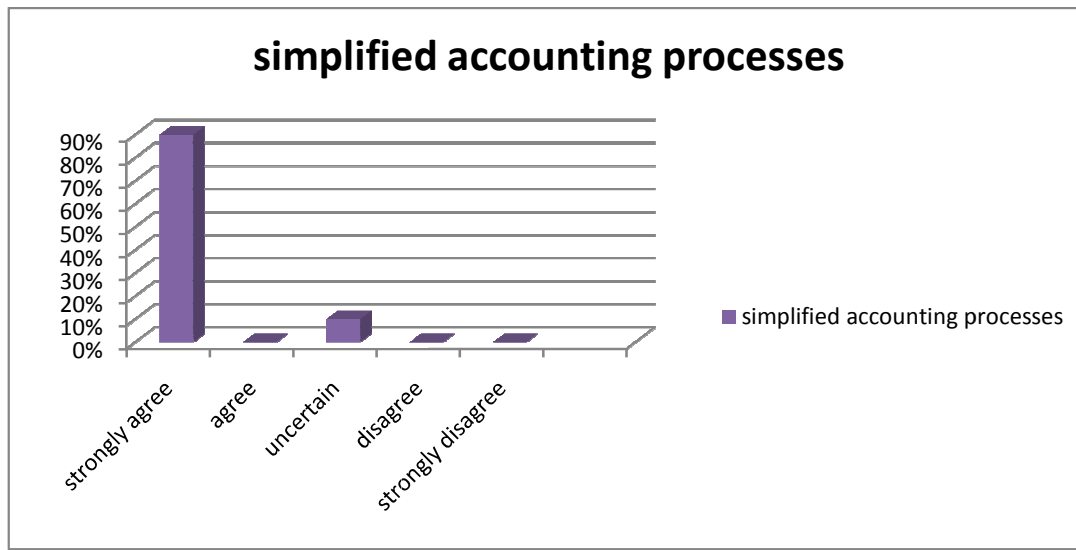
Source: Primary Data

From the data collected by way of questionnaires, 30% strongly agreed, 10% agreed, 30% were uncertain, 20% disagreed and 10% strongly disagreed that a retaining of the market share is a benefit of adopting accounting information systems. It is said byAli, et al. (2012) that the danger of not keeping pace with the use of latest business technology may not only cause businesses to lose market share but also they may cease from the market, which is in support with those that are in agreement. A conclusion can be drawn that market share is retained when accounting information systems are adopted as shown by the 40% that have agreed to it.

Simplified accounting processes

Figure 4.7 shows the responses for the benefit of simplified accounting processes as a result of adopting accounting information systems.

Figure 4.7 Simplified accounting processes

simplified accounting processes

Source: Primary data

Figure 4.7 show that 90% (9/10) strongly agrees and 10% were uncertain that adopting accounting information systems would bring about a benefit of simplified accounting processes. Simmons and Hardy (2011) supported those agreeing that a transformation on the way of keeping accounting records by SMEs have emerged through the development of computerised accounting systems, which has permitted the managers of SMEs to simplify the processes of accounting. It can be seen that simplified accounting processes are a benefit of adopting accounting information as 90% agreed to that.

4.3 Interview responses and analysis

For the purpose of this research, the researcher used interviews as another way of collecting data and three interviews were carried out with the firm's management.

Interview response rate

Three interviews were held as illustrated in table 4.7.

Table 4.7 Interview response rate

Respondents category	Targeted interviews	Conducted interviews	Response rate (%)
Management	3	3	100

A 100% response rate was achieved as all the 3 in management were interviewed.

Question 1: What are the risks and challenges of using Ms Excel?

Interviewees mainly highlighted on a few risks and challenges. All the interviewees have agreed on that Ms Excel helps them in the presentation of data on graphs and charts making it easy for a quantitative analysis and getting much understanding of the data. Even Wyatt (2013) agreed that Excel has statistical powerful tools that help in getting a deeper understanding of data. Excel is much easy to use as it does not contain any jargon that's complicated to know and understand and it is so easy to create graphs and charts.

However, the interviewees enlightened the researcher on the negative risk of errors. Errors come in different types like the human error, etc. Human errors are those errors that involve wrong data entry. When data is incorrectly inserted it gives the misappropriated figures at the end which means that biased decisions are made and there is no way that human error can be tracked automatically. Thuraiappah (2014) supported this by saying that Excel cannot track and give notification of human errors.

Question 2: What are the components that make up effective accounting package?

Two of the interviewees agreed that accounting software must bring out the information that is required at the time needed for use. They further went on to say that accounting packages must act automatically in processing data that is entered in the system that it does not take time to use the information. Arbaugh (2009) supported this by saying that a right accounting

package should give information for tax estimation and preparation as well as for management when it is needed. The other interviewee suggested that the packages make it a must for the management to get to know more about how they work out. A knowledge on how the packages work out from the very moment of installation to the end processes must be made avail to management which goes hand in hand with what Arbaugh (2009) said. He stated that management must be hands on from the setting up of the software to all the final touches of how to use the packages.

Question 3: What are the preferable and available accounting packages for SMEs?

All the interviewees highlighted that since we are in the modern world where things change every second, they are willing to adopt the cloud accounting software, My Business Online. They said that since the world changes every now and then there is a great advantage of taking the clouding system into account. They have knowledge that the software is accessible at any time around the globe as supported by Okwuduche (2013) who wrote that with the right tool and internet connection information can be accessed at any part of the world. However, the problem with clouding is that there is need for an internet connection which means that where there is no internet there will be no access to the accounting information, as supported by Chinweike (2013) who wrote potential frustrations arise when something happens to the internet connections.

Question 4: What are the factors causing non-adoption of accounting information systems by the organisation?

Factors mainly highlighted were the unavailability of information technology resources and lack of financial resources. The interviewees stated that since the company has been operating at break even for some time, funds to finance the purchase of up-to-date hardware and accounting software were not available. The computer hardware is all outdated and

cannot be used in making proper accounting records. Also there were no funds to take most employees for training on the use of accounting software. Ghobakloo, et al. (2011) supported that a lack of in-house IT experience and knowledge hinder the adoption of information systems. Kannabiran, Dharmalingam (2012), in support of a lack of financial resources, said that a lack of finance is one of the major constraints of SME adoption of advanced information technology.

Question 5: What are the benefits associated with the adoption of accounting information systems?

The interviewees suggested that an adoption of accounting information systems would benefit the organisation in making decisions on a timely base since there would hardly be any need to correct errors made by Excel and in support of this, Ali, et al. (2012) stated that accounting information systems make execution of data processes and financial transactions easy to provide the decision makers of SMEs with the information needed in planning, controlling and operating business effectively. The interviewees hoped that even the way they do business changes with the implementation of information systems in the organisation.

4.4 Secondary data analysis

Data compiled by way of secondary data was abstracted from Minutes of Meetings.

Minutes of meetings

The minutes of meetings held in KGS (Pvt) Ltd showed that errors recorded in the General Journal exceeded 20 per annum. Table 4.8 below shows the omissions that were recorded per year from 2011 until 2013.

Table 4.8Number of recorded omissions

Year	Date of records	Number of omissions
2011	15/12/2011	29
2012	13/12/2012	32
2013	14/12/2013	27

Source*: General Meeting Minutes (2011, 2012 and 2013)*

The errors were mainly because of wrong entry data by the users and hence a production of misappropriated figures within the system. These errors would then be adjusted for manually outside the system which would take time and making the production of financial statement available for assessment by management late. Decision making would thus then be delayed since the reports would take time to produce. Table 4.9 below shows the difference between actual submission dates and deadline dates of financial reports and statements.

Table 4.9Submission dates of financial statements to Directors

Year	Deadline for submission	Actual date of submission	Variance (Days)
2011	15/01/2012	22/01/2012	-7
2012	12/01/2013	18/01/2013	-6
2013	10/01/2014	15/01/2014	-5

Source*: General Meeting Minutes (2011, 2012 and 2013)*

It can thus be concluded that, from secondary data, errors and delayed decision making are the common risks and challenges of using Ms Excel.

SUMMARY

The chapter looked at the presentation and analysis of data in the way of tables, column and bar graphs, as well as pie charts. The following chapter will be making a conclusion on this research, giving recommendations and areas of further study.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

INTRODUCTION

This chapter intends to express the summary to the research, conclusions drawn from the research, recommendations and areas of further study.

5.1 Summary to the research

The main objective was to analyse the impact of using Ms Excel as accounting software on financial reporting in SMEs. Chapter one entailed the background of the study, the statement of the problem, research questions and objectives, the significance of the study, limitations, delimitations and assumptions of the study. The researcher was triggered by untimely financial reporting and delayed decision making to research on this study area.

The research in chapter two wanted to examine the literature that supports and contrasts the research questions and objectives established in chapter one. The main objectives were to identify the risks and challenges of using Ms Excel, to identify components that make up accounting packages effective, the available accounting packages, factors that lead to the non-adoption of accounting information systems and the benefits that underlie the adoption of accounting information systems. Mainly scholar sources were used for analysis of the impact of Ms Excel.

Research methodology in chapter three examined the methods used in the research, the population target and the sample size, and the justifications for using such methods and samples. A case study of KGS (Pvt) Ltd was used during the research. Primary data and

secondary data were used to obtain relevant information for the study. In a way of obtaining primary data, questionnaires and interviews were used; and meeting minutes were the source of secondary data

Lastly, chapter four aimed at presenting and analysing the data that was gathered from primary and secondary data. The questionnaire response rate was 62.50% and all the three scheduled interviews were held giving a 100% response rate. The research findings were presented as per research question. The findings were presented in forms of column and bar graphs, pie charts and tables.

5.2 Major findings

The research found out that time consumption arises from the use of Excel and some information may be forgotten in preparing invoices and even in the capturing of data. A delay in decision making arises due to the errors that are inherent to the use of Ms Excel in financial reporting. Although it takes time in creating reports with Excel, it was found out that Excel is easy to use and tasks can be accomplished easily.

It was discovered that usually an effective accounting package should provide information at the required time in the required format. An accounting package must give information that is easy to use especially for tax purposes and for management. From the compiled data from questionnaires and interviews it was prompted that My Business Online cloud accounting software is the most relevant accounting software for SMEs as it is accessible at any place and time. The only drawback being when there is an error in internet connection, information will not be accessible.

From the data compiled and literature reviewed, it was shown that the main factors causing non-adoption of accounting information systems are a lack of financial resources and a lack

of in-house information technology resources. It was observed that a lack of financial resources can lead to a minimized or no training of staff and also purchase of IT hardware and software is prohibited. It was also discovered that accounting information systems simplify accounting processes within an organization as there is aminimisation of errors and hence providing for timely financial reporting and decision making.

5.3 Conclusions

The research intended to make an analysis on the impact of using Ms Excel as accounting software on financial reporting in SMEs. The research aimed at providing the proper recommendations on the use of Excel in managing financial information. The research findings enabled to answer the sub research questions which made the research a success. The following recommendations were placed.

5.4 Recommendations

- The researcher recommends for a limited use of Ms Excel in financial reporting; but a continued use of Ms Excel in presenting and analysing data since Excel can be of paramount importance in data presentation as indicated by Carlberg (2011) that Excel is a standard platform for analysis.

- Considering the abrupt changes that are happening in the world, the company needs to adopt an AIS that can process information speedily to meet up with the demands of the stakeholders. In support, Ali, et al. (2012) provided that accounting information systems make execution of data processes and financial transactions easy to provide the decision makers of SMEs with the information needed in planning, controlling and operating business effectively A recommended accounting software to adopt is the cloud accounting software-My Business Online which is accessible at any point in

the world as long as there is internet connections. The software's double entry system eradicates errors as stated by Thuraiappah (2014).

- The company needs to provide training of its employees on accounting information systems so that they gain an in-depth of how the system operates. Kannabiran, Dharmalingam (2012) expertise and qualified personnel are a requirement even when it is known of the benefits of the adoption of AISs; and according to Gwangwava, et al. (2010) training of staff members would give them a better perception on the use and usefulness of the systems.

- The researcher also recommends the entity to source for fund support from institutions like banks, credit facilitators and even the government. This helps in attaining a growth in technological advancements for the company. Kannabiran, Dharmalingam (2012) induced that lack of financial resources in one of the major constraints in adopting accounting information systems, hence sourcing for financial help can help to make the company to get technologically advanced.

Areas of further study

This research was on analysingthe impact of using Ms Excel as accounting software in SMEs. Further studies can be on the analysis of the impact of using accounting information systems in SMEs.

Summary

The chapter was focusing on the major findings of the research and the recommendations thereon. The chapter summarised the whole research from the first chapter to the fourth.

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Appendix I: Cover letter

Midlands State University

Faculty of Commerce

Department of Accounting

P O Box 9055

Gweru

15 September 2014

The Managing Director

Khangela General Supplies Pvt Ltd

6 Elizabeth Mansions

Gweru, Zimbabwe

Dear Mr A. Mpofu

RE: APPLICATION FOR PERMISSION TO CARRY OUT A RESEARCH AT YOUR COMPANY

This application is in regard with carrying out a research on a topic "**Analysing the impact of using Ms Excel as accounting software: A case of Khangela General Supplies Pvt Ltd.**"The research is a requirement in partial fulfilment of Bachelor of Commerce Honours Degree in Accounting that I am currently undertaking at Midlands State University.

I promise that information obtained in the research will be kept confidential and used only for academic purposes.

I hope you will consider my application.

Yours sincerely

Melanie Muchekeni (R103231X)

Appendix II

Instructions

1. Do not write your name on the questionnaire

2. Tick in the relevant box for your response

- Level of education :

O Level and below A Level   certificate Diploma Degree   Degree +

☐   ☐   ☐ ☐ ☐   ☐

1. What percentages of your department use Ms Excel in recording transactions?

None   ☐

Below 20%   ☐

20-50%   ☐

50% +   ☐

2. What percentage are your invoices generated by Excel?

None   ☐

Below 25%   ☐

25%-50%   ☐

50% +   ☐

3. What are the risks and challenges of using Ms Excel?

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Easy to use and accomplish tasks					
Allowance for quantitative analysis					
Easy manipulation of data					
Errors go unnoticed					
Delayed decision making					

4. What are the components that make up effective accounting software?

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Provides information needed					
Imposes demands of knowledge in processes by management					

5. What are the available accounting packages that can be used in the organisation?

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Pastel					
My business online cloud software					
Peachtree					
Mind-your-own-business					
QuickBooks					

6. What are the factors causing non-adoption of accounting information systems?

	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Availability of information technology resources					
Size of the organisation					
Inadequate record keeping					
Lack of financial resources					
Human behaviour on perceived ease of use					

7. What are the benefits of adopting accounting information systems?

	.Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Achievement of competitive edge					
Assistance in decision making					
Retaining of market share					
Simplified accounting processes					

Appendix III

INTERVIEW GUIDE

ANALYSING THE IMPACT OF USING MS EXCEL AS ACCOUNTING SOFTWARE ON FINANCIAL REPORTING IN SMES: CASE OF KHANGELA GENERAL SUPPLIES (PVT) LTD.

- What are the risks and challenges of using Ms Excel on financial reporting?

- What components do you think can make up effective accounting software?

- What accounting package do you prefer to adopt that is suitable for the organisation?

- What are the challenges causing the organisation not to adopt accounting information systems?

- What are the benefits associated with the adoption of accounting information systems?