

Automated Financial Management Systems and SME Performance in Kenya: A Qualitative Study of Efficiency, Reporting and Strategic Positioning

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Abstract: ***Purpose:** This study examines how Automated Financial Management Systems (AFMS) shape operational efficiency, financial reporting and strategic positioning among small and medium enterprises (SMEs) in Kenya. It focuses on the difference between adopting financial software and converting it into organisational value. **Methodology:** An interpretivist qualitative design was used. Semi-structured interviews were conducted with 13 participants: nine SME owners, managers or finance staff and four professional intermediaries who supported several SMEs. Reflexive thematic analysis compared accounts across manual, partially automated and integrated settings. **Findings:** Six themes were developed. Participants associated AFMS with movement from retrospective reconstruction to system-based control, faster and more consistent transaction processing, greater financial visibility and more credible reporting. System integration marked the clearest divide. Connected point-of-sale, inventory, accounting and banking systems produced information that was more usable for pricing, stocking and cash decisions than comparable tools operated separately. These gains remained conditional on managerial capability, digital skills, infrastructure and organisational routines. **Originality/value:** The study distinguishes three levels of value creation: transaction control, financial visibility and strategic use. It shows that adoption explains access to AFMS, but integration and complementary capabilities explain whether financial data become strategically useful. The findings connect technology acceptance, resource configuration and contextual conditions in an under-researched African SME setting.*

Keywords: Automated Financial Management Systems, Small and Medium Enterprises, Financial Reporting, Operational Efficiency, System Integration, Strategic Positioning

1. Introduction

Small and medium enterprises (SMEs) form a substantial part of global economies. They make up to 9 out of 10 companies, generating more than half of all jobs, and contribute nearly 60 percent of GDP in emerging economies (World Bank, 2022; Zotorvie et al., 2025). Kenya is no exception since micro, small, and medium enterprises (MSMEs) employ most of the country's labour force, with an estimated 15 to 20 million Kenyans depending on this sector for their livelihoods (Oduor et al., 2025; State Department for MSME Development, 2023). Such figures are easy to recite yet easy to underestimate. In practice, they mean that any measure affecting the performance of these companies inevitably affects the economy as a whole.

Financial management has played a significant role in the performance of these SMEs. Despite the availability of accounting tools, a significant number of SMEs continue to maintain accounting systems that remain significantly manual, with receipts being handwritten, and daily bookkeeping, often taking a long time to tally and reconcile the books, the first time they are done. (Abdullah et al., 2023; Musa and Njeru, 2023). These approaches are inefficient and can be inaccurate. In times when the owner needs the most clarity, they have a tendency to leave owners in the dark (Otoo, 2024; Nazir and Khan, 2022). The ramifications are not insignificant. Poor financial control leads to poor decision making and a very weak compliance. Over time overcomes the competitiveness that these companies depend on (Okeke et al., 2024).

Digital solutions are an obvious solution with the industries experiencing consistent shift from paper to automated financial management systems (AFMS) in the last decade. An AFMS consolidates the mundane task of finance, invoicing, reconciling, tracking expenses and reporting all these functions into one software that captures transactions as they happen and brings them to the fore quickly (Okeke et al, 2024; Rogers, 2003). When these systems are implemented, they typically reduce errors, prevent repetitive data entry in the system and provide more real-time visibility of the business to the managers (Bharadwaj, 2000; Otoo, 2024).

However, this is not just a story that Kenya's SMEs have played out. There has been slow and inconsistent adoption. The limitations of cost, limited digital literacy, intermittent power, Internet connectivity, and concerns about data security all have an impact on the transition (Tsuma, 2025; Okeke et al., 2024). While cloud and mobile technologies have reduced the cost of entry, there are many companies who are still holding on to the manual world, the point-of-sale terminal and a shoebox of receipts.

The diffusion of innovation (DOI) theory acknowledges that this is not only because of resistance, but because of the incompatibility of the innovation with the routine of existing habits and trusted practices (Rogers, 2003). The issue is not about the lack of claims that are made about digitalisation. Most literature gives an estimate of the association between a specific technology and performance, typically in the form of a cross sectional survey. Those indicators can reveal trends but do not necessarily explain what happens to a company's finances once it adopts a system or how a company can get different outcomes with the same software. It also classifies

mobile payments, accounting packages and integrated financial systems as different types of digital finance, but with similar functions within the organisation. Consequently, the findings in Kenya continue to be inconclusive, with some findings pointing to gains in efficiency and profitability, while others indicate that there is little direct effect on performance (Kinyua, 2024; Musa & Njeru, 2023). The study aims to fill this explanatory gap by examining experiences across manual, partially automated, and integrated SME contexts. The following are the research questions

- 1) How has automated transaction processing helped participants achieve financial control and operational efficiency?
- 2) What impact does finance automation have on reporting quality and managerial visibility?
- 3) When does system integration contribute to strategic positioning?

Empirically, the study differentiates three outcomes that are often merged into a single "performance" construct: control over transactions, visibility of financial conditions, and strategic use of information. Theoretically, it draws on three complementary lenses: TAM explains acceptance, the resource-based view accounts for the complementary skills and routines needed alongside software, and TOE explains the post-adoption value of software as contingent on organizational and environmental conditions.

2. Literature Review and Theoretical Framework

1) What AFMS are, and what performance means here

Defining an AFMS is not straightforward, as the term entails systems ranging from standalone accounting software to fully integrated enterprise resource planning (ERP) platforms. An AFMS is a software solution that automates financial activities previously performed manually, including transaction recording, invoicing, reconciliation, financial planning, and reporting (Okeke et al., 2024). This study examines three dimensions separately: automated transaction processing, broader financial automation, and system integration. This distinction is substantive rather than merely terminological, as the findings show that these dimensions provide different forms and degrees of value.

At its core, organisational performance is the extent to which a firm achieves its goals, measured in both financial and non-financial terms (Richard et al., 2009; Otoo, 2024). For a small company, this can take many forms: sales growth, access to credit, market share, or workforce stability (Venkatraman & Ramanujam, 1986; Otoo, 2024). This study narrows that broad idea to three components that automation affects most directly. Efficiency concerns how quickly financial work gets done, with less rework and fewer errors (DeLone & McLean, 2003; Okeke et al., 2024). Reporting quality concerns whether statements are accurate, consistent, and defensible to an outsider (IASB, 2018). Strategic positioning concerns whether financial insight informs decisions on pricing, stock, credit, and expansion in ways that strengthen the firm's position (Bharadwaj, 2000; Melville et al., 2004). Keeping these three distinct matters: it separates mere operational tidiness from genuine strategic gain.

2) Theoretical framework

The study is based on three theories with each theory having a different aspect of the process. Adoption is explained by the Technology Acceptance Model (TAM) by Davis (1989) that explains adoption by means of perceived usefulness and ease of use. Social influence and facilitating conditions (Venkatesh & Davis, 2000; Venkatesh et al., 2003) and relative advantage and compatibility with existing routines (Rogers, 2003) are also incorporated from later theories. These views provide an understanding of how an SME might end up accepting a system. They do not determine whether that system becomes strategically valuable. To do this, the resource-based view (RBV) is the more effective lens. The firms compete on this basis by creating resources that are valuable, rare, hard to imitate and hard to substitute (Wernerfelt, 1984; Barney, 1991). It is only when information technology is integrated into the organisation and when the skills and processes are available to enable the firm to utilise it that information technology becomes a resource (Bharadwaj, 2000; Melville et al., 2004). The capacity literature takes this argument one step further. It is about the ability to reconfigure the software rather than owning it (Teece et al., 1997; Estensoro et al., 2022). On this reading an AFMS is a dormant resource. Whether this will turn out to be an asset or a liability is dependent on the situation surrounding it.

The Technology-Organisation-Environment (TOE) framework posits that the adoption and its consequences depend on the technological, organisational and environmental context (Tornatzky and Fleischer, 1990). For a Kenyan SME, these contextual factors include the reliability of internet connectivity, employees' digital competence, and compliance with tax authority requirements. TOE maintains that the analysis be fair on context, and that it can predict the main conclusion of the study. The same technology can come with very different consequences depending on the soil it is planted on. The three lenses are brought together in Table 1.

3. Empirical Evidence and the Research Gap

The record is overall upbeat, but also somewhat alarming. According to research conducted in mature economies, accounting software can reduce discrepancies by automating calculations, real-time updates and built-in validation, and also helps to streamline invoice processing and reconciliation, which reduces processing times (Okeke et al., 2024; Zotorvie et al., 2025). With the benefits, however, come together some companies that are already equipped to create digital solutions and have reliable infrastructure. Comparing the adoption and payoff of emerging technologies shows that adoption and payoff are dependent on infrastructure, regulation, and skills, and that Sub-Saharan countries are often the ones to pay more for the technology while realizing fewer returns (Zotorvie et al., 2025).

African and other developing-economy studies have a similar two-sided message. Even though SMEs were not fully equipped to adopt and utilise the software well in Nigeria, automated accounting software gave them better accuracy, reliability and timeliness of accounting (Nwankwo et al., 2025); computerised accounting improved SME performance by better accounting records and reporting (Elom and Atah, 2025). Qualitative research conducted in the same context

linked data-driven systems with improved decision-making and cash flow (Okeke et al., 2024). The return of the caution, as it were: organizational all are bringing the gains back.

The Kenyan evidence is the most split up between the three. Financial management practices affected the performance of the SMEs in Mombasa (Okeyo and Kaplelach, 2022) while mobile accounting increased the efficiency and transparency of small hotels (Kinyua, 2024). However, the combination of mobile and agent banking contributed very little to improving the performance of SMEs in Nairobi (Musa and Njeru, 2023); whereas, the use of accounting information systems in manufacturing caused a positive impact on compliance, but at

the same time was faced by cost and skill barriers (Tsuma, 2025). It is a learning experience to see how the disagreement took place. It implies that it is not digital tools scattered around the curriculum, but is an integrated AFMS.

One of the gaps in this study is that the literature tends to be rather quantitative and thus does not clearly display how these systems are actually lived by SMEs. Furtherm, few studies consider efficiency, reporting, strategic positioning, and automation, analytics, and integration all in the same. The studies in which the present research is framed are stated in table 2.

Table 1: Selected empirical studies on AFMS and SME performance

Study	Context	Method	Key finding	Gap addressed here
Nwankwo et al. (2025)	Nigeria	Survey, 370 SMEs	Automated software raised accuracy, reliability, and timeliness of finances.	Quantitative; little on daily use.
Elom and Atah (2025)	Nigeria	Survey, 351 SMEs	Computerised accounting improved recording, reporting, and performance.	Integration and context not isolated.
Okeke et al. (2024)	Nigeria	Qualitative case review	Data-driven systems improved cash flow and strategic decisions.	Not Kenya-specific.
Okeyo and Kaplelach (2022)	Kenya (Mombasa)	Descriptive survey	Financial management practices shaped SME performance.	Practices, not integrated AFMS.
Kinyua (2024)	Kenya (Mombasa)	Descriptive	Mobile accounting improved efficiency and transparency.	Single tool; narrow sector.
Musa and Njeru (2023)	Kenya (Nairobi)	Descriptive survey	Mobile and agent banking had limited direct effect.	Isolated tools differ from AFMS.
Tsuma (2025)	Kenya (manufacturing)	Survey	Accounting systems improved compliance but met cost and skill barriers.	Quantitative; sector-bound.

4. Methodology

1) Design and philosophy

The value of an AFMS is not entirely technical; therefore, the study adopted an interpretive stance (Saunders et al., 2023). This value depends on users' perceptions of the system, how they incorporate it into existing practices, and how they assess its costs and risks. Therefore, a qualitative design was employed and the participants were used to examine participants' accounts of the effects of AFMS on efficiency, reporting and strategic positioning. The approach was mainly inductive as the research questions and the theoretical framework were used to sensitise the analysis, but did not include any hypotheses that were tested. (Creswell and Poth, 2018).

2) Participants and sampling

Participants were purposively selected based on their direct experience in recording or managing SME finances or advising and supporting SMEs in their use of financial systems. Thirteen participants took part. Nine worked within

identifiable SMEs as owners, operations managers, finance staff, or accountants. The remaining four were professional intermediaries who served multiple SME clients. The cases represented the retail, wholesale, hospitality, service, and consulting sectors and ranged from a three-person shop to a distribution firm employing 45 people. They used manual books and spreadsheets that were disconnected, cloud accounting, or enterprise resource planning (ERP) that were integrated. Information power was used to determine an adequate sample size as the study was focused with a clear aim. The participants had relevant experience and the sample included participants operating at a range of automation levels across different sectors. Furthermore, the interviews provided rich accounts for the intended thematic analysis (Malterud et al., 2016). The claim is analytical and not statistical as the sample was not intended to represent all Kenyan SMEs. This positioning is shown by Guest, Namey and Mitchell (2020), who note that qualitative research has always emphasized the interpretive depth over the numbers and the scales. The study of a small, purposefully selected sample can still yield transferable insight when it is matched with a clearly bounded research question as is the case here.

Table 2: Participant characteristics

Participant	Role	Business and sector	Size and years	Systems and integration	Automation level
P1	Owner	Retail, household goods	9 staff, 8 yrs	POS, QuickBooks, M-Pesa	Integrated
P2	Owner	Mini supermarket, retail	7 staff, 8 yrs	POS, Excel	Partial
P3	Accountant	Wholesale and distribution, FMCG	45 staff, 8 yrs	Sage ERP, inventory, sales	ERP
P4	Operations manager	Electronics retail	15 staff, 7 yrs	Integrated POS and accounting	Integrated
P5	Finance officer	Hardware distribution	30 staff, 10 yrs	POS, Excel (separate)	Partial
P6	Operations manager	Cleaning and facilities services	25 staff, 6 yrs	QuickBooks, online billing	Semi-integrated

P7	Owner	Marketing consultancy, services	12 staff, 7 yrs	QuickBooks Online, bank feed	Cloud-based
P8	Owner	Restaurant and bar, hospitality	20 staff, 5 yrs	POS, QuickBooks (stock linked)	Integrated
P9	Owner	Small retail shop	3 staff, 6 yrs	Manual books only	Manual
P10	Bookkeeper	Multi-sector SME clients	6 yrs	QuickBooks, Sage (client based)	Mixed
P11	Software consultant	SME software installation	Practitioner	QuickBooks, Tally, POS setup	Implementation
P12	IT support provider	SME IT and systems support	Practitioner	QuickBooks, Sage support	Support role
P13	Accounting practitioner	SME accounting practice	Practitioner	QuickBooks and hybrid systems	Mixed

Note. P denotes participant.

3) Data collection

Data were collected using semi-structured interviews, which enabled a standard set of topics to be explored, but gave participants flexibility in how they explained experiences. The guide addressed the business context, efficiency of operations, quality of reporting and compliance as well as the strategic value of analytics, forecasting and integrated systems. Interviews were conducted in a location that was acceptable to participants and continued for about 30 to 60 minutes, and recorded with the participants' consent. System reports, dashboards and vendor documents provided the contextual understanding in the original project, but were not analysed in a documented and reproducible way and, hence, cannot be claimed here as a second empirical data set. Reflexive journal kept for recording assumptions and analytical decisions.

4) Analysis and trustworthiness

The analysis was done using Braun and Clarke (2006, 2021) reflexive thematic approach. I read the 13 transcripts over and over and took note of any early patterns and contradictions. Inductive attention to participants' accounts was then followed by deductive sensitivity to the research questions, through line-by-line coding. The initial codes were compared based on participant roles, Sector and level of Automation. Candidate themes were compared to the entire dataset for their validity, further developed and distilled down to six interpretive patterns. The analysis was not coded for consensus. Reflexive thematic analysis involves generating interpretations that are reasoned, with sustained engagement with the data. TAM, RBV and TOE did not represent a coding

frame, but rather were introduced in the final interpretive stage.

Credibility, transferability, dependability and confirmability (Lincoln & Guba, 1985; Nowell et al., 2017) were addressed with regard to quality. The accounts have been compared across roles, sectors and levels of automation. Non-conforming accounts were kept and not wrapped up in a simplistic story of universal automation. Analytical decisions were captured in a reflexive record, and detailed descriptions of the participants and the system enabled the reader to make a judgment regarding transferability. Where verbatim material had been retained in the study record, direct extracts were used. Thematic interpretations are not independently verified organisational outcomes, but interpretive findings. Participation was voluntary, informed consent was obtained, transcripts were anonymised, and digital records were stored securely.

5. Findings

The six themes are not a set of individual benefits, but rather a progression that explains. The first area of automation that affected transactions was their capture and verification. It then changed the pace, uniformity and transparency of financial information. Only when systems were linked, and the organisation could take in and make sense of their results did strategic significance emerge. Table 3 shows the relationship between the themes and research questions.

Table 3: Themes and their relationship to the research questions

Theme	What it captures	Question
1. Manual to system-based control	Shift from after-the-fact reconstruction to real-time capture.	RQ1
2. Acceleration and standardisation	Faster, more consistent transaction processing.	RQ1, RQ2
3. Financial visibility	A wider, near-live view of the business.	RQ2
4. Integration as a multiplier	Cross-functional insight from joined-up systems.	RQ3
5. Legitimacy and professionalisation	Credibility with auditors, lenders, and regulators.	RQ2, RQ3
6. Capability and constraints	Human and structural conditions that mediate value.	RQ1 to RQ3

1) From manual reconstruction to system-based control

The participants frequently started with a discussion of the work prior to automation. Receipts were gathered and financial records prepared by combining information from memory and spreadsheets, which were then reconciled manually. It was not just sluggishness that was the central issue. The record was reconstructed after transactions were made, so there was a lack of timely identification of discrepancies and responsibility for checking was spread out. "It's a daily operation for one retailer," he said.

Prior to the automation of the system, we would used to have to manually write out receipts, and at the end of the day, the cashier would add up the sales. Following this we would type in the totals in EXCEL. Sometimes the figures didn't add up and it was a long process but we had to work backwards through the receipts to find out what it was. (P1)

These costs were consolidated through reconciliation. A service firm needed nearly a week if a document was lost

(P6); an accountant in wholesale said that it takes two or three days to close monthly, because they do line-by-line checking. The temporal logic of control was changed by automation. These transactions were recorded in the record as the transaction was performed, so problems could be detected during the transaction instead of the examination of the record.

"Reconciliation is now maybe 80 percent faster than before. What used to take a whole day now takes two or three hours because the system records transactions automatically." (P4)

Another owner expressed this in other words: "The day is now ending and we are not having to search the receipts anymore for the sales, but rather, it is now coming straight down to the day's sales in the accounts (P1)". Here a qualification went through these accounts, and it is relevant for what will follow. A half-way approach failed to alleviate the situation. Even though it wasn't connected to the accounting system, there was a POS that still had someone cross-checking by hand.

2) Acceleration and standardisation of transaction processing

The most significant change in operations was the increase in speed. The recording process was instant and the reconciliation was faster, and invoicing was a more regular process. Standardisation of approvals and a 'trail' were also established by system rules. These changes were directly attributed to an operations manager:

Processing time for transactions is instant instead of waiting for someone to enter data manually. Errors have reduced significantly because the system does not make calculation mistakes like humans do. The system also requires manager approval for discounts or refunds, so there is a proper record of who approved what. (P4)

A consultancy may be able to invoice a project at the end of the project and not days later (P7). However, the participants didn't report an error-free system. Automation eliminated calculation and transcription errors, but the quality of the record was still dependent upon what users entered.

The errors have been minimised due to the calculations made by the system but there are still errors made by staff entering incorrect quantities and selecting the wrong product code. Thus, the system aids a lot but still relies on the usage of the system. (P4)

Automation, therefore, streamlined and sped up the process, but did not guarantee accuracy at the point of entry.

3) Financial visibility and organisational awareness

The first two themes relate to the way financial work is carried out while the third theme relates to what managers could observe. Live systems provided a real-time view of sales, cost and margin where owners had been waiting for monthly summaries. An accountant said that this visibility affected decisions about the product:

"We discovered one product line was not profitable because we could track all costs properly. Now we can see margins clearly, and that changed how we price and what we restock." (P3)

For one restaurant owner, it was a great asset to be able to see the day's business on his cell phone while away from the restaurant (P8). It also helped speed up the company's reflexes since it got a heads up on a rising cost and adjusted before it got away from them. But it is interesting, and revealing, that it was not the same thing to have the numbers, and to use them. One owner was honest: "Reports are out there, but so isn't strategy (P7)". The systems broadened the scope of viewing. Whether anyone acted on it was another question, and this varied from firm to firm.

4) System integration as a strategic multiplier

The most significant difference was between integrated and fragmented systems. These integrations enabled transactions to flow between point of sale, inventory, accounting and bank feeds, with no need to re-enter transactions, and controls were embedded within the transaction flow. For discounts, for instance, approval was needed and an audit trail was maintained (P4). Partial automation resulted in a different experience:

"The POS helps count the money in the drawer much faster. However, because the systems do not talk to each other, I still spend a lot of time double-checking for typing mistakes in Excel." (P5)

That gap carried real strategic weight. If a firm does not connect its stock, sales and cash, it cannot be very certain in pricing or re-ordering. When it came to cost, sales and margin, integration closed the loop and provided a manager with a single point of view on the scattered records. This, not speed itself, was the place where automation began to appear to be truly strategic.

5) Automation as a source of legitimacy and professionalisation

Multiple respondents felt that more structured financial reporting was more credible when dealing with lenders, tax processes and auditors. Their stories described how they struggled to pull together handwritten notes and multiple spreadsheets to create statements, versus how statements were generated in a more consistent manner through the system. This theme relates to the perceptions of the participants on the external credibility, and the interviewees were not auditors, lenders or regulators so it does not reveal how these institutions assessed the firms or whether the external credibility had any impact on the firms' lending decisions other than for the participant's perception.

Legitimacy in the organisation can be explored in terms of the formalisation of records – an SME might be able to show practices as appropriate and reliable to outside organisations (Suchman, 1995; DiMaggio and Powell, 1983). This is a possible, but limited, interpretation. The interviews do not support a causal claim that AFMS brings benefits of professionalisation but rather a perceived benefit of professionalisation. Participants also reported that when financial systems were not connected "cleanly" to

government platforms, manual adjustments were made, resulting in a "qualified" reporting benefit.

6) Human capability and structural constraints as mediators

In all the interviews, respondents kept coming back to the connection between technology and users as the value of AFMS. They said digital skill, data quality, reliable connection and managers' willingness to review systems' reports were factors that influenced whether or not system output was used to inform decisions. Some also reported using accounting services outside their own organisation when they were unable to interpret reports within their organisation. These observations are a problem linked to the capability of the organisation, and not a fault of the software itself. This aligns with the facilitating-conditions construct in Venkatesh et al.'s (2003) unified model of technology acceptance, which suggests that the facilitating conditions of the infrastructural and organisational support affect the actual use of a system independent of individual attitudes toward the technology.

Participants linked weak connectivity to decreased efficiency, skills gaps to ongoing manual checks, and costs and subscription fees to the scale of adoption. The theme is thus an interpretation of the previous findings: The mere installation of a system was not sufficient to guarantee its strategic use. The data are used to inform a conditional pathway in which automation creates records which then, depending on organizational capability and infrastructure, can lead to usable financial knowledge.

6. Discussion

The findings support a three-level account of how an AFMS creates value: transaction control, financial visibility and strategic use. Separating these levels offers one explanation for why Kenyan evidence on automation and SME performance has remained inconclusive (Kinyua, 2024; Musa & Njeru, 2023); treated as a single construct, a firm running a stand-alone package sits in the same category as one whose point-of-sale, inventory and banking systems exchange data, and the average effect flattens. The first level concerns where and when control takes place. Under manual systems, participants reconstructed the record after the event, so discrepancies surfaced days later and responsibility for checking was dispersed, whereas automated systems captured transactions at the point they occurred and embedded validation and approval rules in the workflow. This qualifies the familiar claim that accounting technology saves time (Abdullah et al., 2023; Zotorvie et al., 2025): speed was the visible change, but the substantive one was a shift in where control resided: from individual memory and diligence to configured workflow. The design cannot establish how large that shift was, or disentangle it from other changes occurring in these firms at the same time.

The second stage involved faster processing, which led to more financial visibility. Managers might have had access to sales, costs and margins earlier but this didn't ensure that they were used. Some of the participants responded to the reports; others made use of them primarily as a record. This is important for RBV. There is a vast array of software

available, so it is not likely that a person will generate any benefits from it by owning it. It is dependent on complementary capabilities; data discipline, interpretation, review routines and the power to modify pricing or procurement or stock decisions (Barney, 1991; Bharadwaj, 2000; Melville et al., 2004). AFMS are more likely to be enabling resources rather than capabilities themselves.

Melville et al. (2004) made the related point at the process level. Information technology can only be said to add value at the process level if it is linked with complementary organisational resources and directed to specific processes, not as a "business-wide" effect. The interview stories are very close to this logic: The ability to see things clearer a pricing or restocking decision was only increased where a manager already had a habit of looking at the numbers.

The third stage was related to the use of the strategy and the integration was clear mechanism in the third stage. A standalone POS may tally sales very rapidly, but maintain a lack of connection with inventory, cash and accounting. Managers were able to interpret those domains together if they were joined. Integration was thus not only a new technical component, but took the firm's scope of analysis one step further. Relationships between sales, inventory, cost and cash could be the basis of decision, not just on total sales or inventory. This discovery also explains why there are some studies reporting lower performance effects than others based on the individual digital tools: system configuration and the breadth of adoption are fundamentally different contexts.

A threshold effect emerged across levels of automation. Standalone accounting software improved discrete tasks but did not necessarily change how firms understood performance. Strategic value became more evident when data moved directly between organisational functions. Fragmented systems delayed interpretation, reduced confidence in financial information, and constrained managerial analysis. Integration lowered this friction by providing a consolidated financial view, although few firms used it routinely for forward-looking decisions. The finding challenges technological determinism and shows that adoption alone does not produce strategic value (Bharadwaj, 2000; Melville et al., 2004). Value depends on both system integration and managerial capacity to translate information into deliberate action (Teece et al., 1997; DeLone & McLean, 2003). Future studies should therefore measure integration depth, data quality, and decision routines separately from AFMS adoption. SMEs should also assess their information-flow requirements before selecting software, since standalone applications may preserve the fragmentation that integration is intended to resolve.

Another contribution concerns the firm's relationship with external institutions. Participants perceived that structured reports enhanced how their businesses were presented to auditors, lenders, and tax authorities. The study does not validate these external actors' judgements or establish that automation improved access to credit or regulatory compliance. Instead, it identifies perceived reporting credibility as a distinct post-adoption outcome. In environments where there is a lack of access to formal finance, such an outcome warrants a direct examination with

matched evidence from the SMEs and external institutions (DiMaggio & Powell, 1983; Suchman, 1995). The pattern that the participants described is similar to mimetic and normative isomorphism, as described by DiMaggio and Powell (1983), which is an organisational routine to imitate other organisations that are considered to be credible and effective, but do not necessarily provide any efficiency gains.

Together, TAM, RBV, and TOE explain successive stages of the pathway. TAM accounts for adoption based on perceived usefulness and usability (Davis, 1989; Venkatesh et al., 2003). RBV explains why value depends on complementary routines and managerial capabilities, while TOE situates adoption and use within conditions such as connectivity, cost, vendor support, and regulation (Tornatzky & Fleischer, 1990). Although the qualitative evidence does not formally test these frameworks, it distinguishes adoption, assimilation, and strategic use, supporting a continuum-based view of post-adoption value.

The findings should be interpreted in light of the study's qualitative design and modest sample. The 13 participants represented varied sectors and levels of automation, but the evidence cannot establish causal relationships or statistical generalisability. Outcomes were based primarily on participants' accounts rather than independently verified performance measures. Future longitudinal and mixed-methods studies should examine whether integration depth and managerial capability predict measurable financial and strategic outcomes.

7. Implications of the Study

SMEs should assess their information-flow and decision-making requirements before selecting an AFMS. Standalone applications may improve routine processing but leave data fragmentation unresolved. Greater value requires integration across accounting, inventory, sales, and payment systems, supported by reliable infrastructure, staff competence, and managerial routines for interpreting financial information. Software providers should design scalable systems that accommodate the limited resources and changing needs of SMEs. Policymakers and enterprise-support organisations should complement digitalisation initiatives with training in financial interpretation, data governance, and strategic use. Researchers should distinguish AFMS adoption from assimilation, integration, and strategic use when measuring post-adoption outcomes.

8. Conclusion

The findings indicate that AFMS adoption is associated with faster processing, fewer errors, and more consistent reporting among Kenyan SMEs. These benefits, however, do not automatically produce strategic value. That value becomes more apparent when systems are integrated and managers routinely use financial information to guide pricing, inventory, credit, and expansion decisions. AFMS should therefore be understood as an organisational capability rather than merely a software application. Its contribution depends on the interaction between system architecture, organisational routines, managerial competence, and the wider operating environment.

Declarations

Ethics approval

Approval was granted by RESEARCH COMMITTEE of PMU (reference **BUAM0625/26S**). These details must be completed from the original ethics record before submission.

Consent to participate

All participants received information about the study and provided informed consent before interview and recording.

Consent for publication

Participants consented to the use of anonymised interview extracts. Confirm this statement against the approved information sheet and consent form before submission.

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Competing interests

The author declares no competing interests

Data availability

De-identified interview data are not publicly available because they contain potentially identifying contextual information about small firms. Reasonable requests may be considered by the corresponding author, subject to participant consent and ethics requirements.

Author contributions

Allan Robert Ochieng Ojuok: conceptualisation, methodology, investigation, formal analysis, writing- original draft, and writing- review and editing.

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