BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

A FRAMEWORK TO ASSESS THE IMPACT OF ACCOUNTING INFORMATION IN DECISION MAKING BY SMALL TO MEDIUM ENTERPRISES IN HARARE CBD.

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REG NUMBER: B222045B

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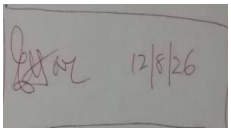
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APPROVAL FORM

We wish to confirm that we have undertaken supervision and reviewed the above-mentioned research project and recommend its acceptance for Bindura University of Science Education titled "A Framework to Assess the Impact of Accounting Information in Decision Making among Small and Medium Enterprises Operating within the Central Business District of Harare." The research mentioned is the basis for a Bachelors of Accountancy Honors Degree.

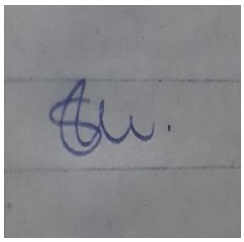
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DECLARATION FORM

I SOPHIA ZINGWANGA hereby confirm that this study is entirely my personal work and has not been reproduced anywhere.

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DEDICATION

I would like to gratefully acknowledge my family for their constant support throughout the years of studying, particularly my brother Thomas for their advice and support during the project. Without them, it would have been impossible to complete this project.

ABSTRACT

The study topic was on "the influence of accounting information in decision-making in SMEs in the Harare Central Business District" It was inspired by the high failure rates that are experienced in SMEs and most of it emanates from financial management and not utilising accounting information. A descriptive research design with an integration of quantitative and qualitative approach was utilised. The purposive sampling technique was used to identify 50 respondents who were owners, managers, and accountants in SMEs based in the CBD of Harare. Data were collected using quantitative and qualitative measures of questionnaires and interviews, the latter using semi-structured questions. Descriptive statistical measures, cross- tabulation, and correlation were employed to analysis quantitative data. The results showed that most SMEs had kept accounting records but only 30% used accounting information for decision-making purposes. It was discovered that there was also a very strong relationship positively associating the accounting information usage and quality decision (r=0.72). The SMEs which used accounting information had higher profit margins and had lower costs and more stable cash flows. However the poor accounting information resulted from the inadequate skills, cost of professional accounting services and the time involved and dependency on informal systems. It was determined that accounting information does improve the quality of decision making and performance of SMEs and recommends the use of cheaper and efficient computerised accounting systems, financial training and easy accessibility to professional accounting services for SMEs to survive in Harare CBD.

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Firstly most of all I want to offer my sincere appreciation to the Almighty for strength I gained from Him to complete my research.

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CHAPTER I

INTRODUCTION

1.0 Introduction

The subsequent chapter elaborates this study and is structured into several subsections. The background of the study is introduced for the purpose of recognizing how frequently and the extent at which accounting information is consumed by SMEs for decision making. It is quite clear from the introduction that the problem statement, objectives, and research questions of the study have been stated clearly. Following this, there's a discussion concerning the impact of the study and, lastly, the assumption and the limitations to the research. Finally, some terminologies have been listed.

1.1 Background of the study

The SMEs are declared playing an important role for global economies development. They make up 90% of businesses worldwide and are important drivers of employment creation, innovation and economic diversification. They are employed globally, and account for over 50% of global employment (World Bank, 2020). In United States, Germany and Japan, SMEs contribute significantly to national GDP and support entrepreneurial activity across different sectors of the economy. These represent significant elements for the global economy and also an element that can drive economic activity and innovation (OECD, 2021).

SMEs are even more crucial in developing economies like Asia, Latin America and Africa. Part of an organisation's mission in promoting economic development and poverty reduction. Approximately 60% of GDP and over 70% of jobs in China and India are provided by SMEs. The Asian Development Bank (2017) states that SMEs are an important pillar of economic development and growth as they create such opportunities. However, the research indicates that many SMEs enterprises are at risk of financial failure restrictions in the management aspects, especially accounting systems and making use of management information systems and utilising accounting information in an effective manner for decision making (Nguyen and Nguyen, 2020). The lack of business owners' ability to assess financial information is often hampered by unreliable accounting information to evaluate financial information and make strategic decisions

In Africa, SME are believed to be a great provider of jobs and income for most people. According to the African Development Bank, SMEs contribute nearly 80% of employment across many African countries, including Nigeria, Kenya and South Africa (African Development Bank, 2021). Even if their contribution to the economy is very significant, most of the African SMEs do fail due to poor financial management and accounting knowledge lack on the owners of the business (Muriithi, 2021). Inadequate accounting records and poor utilisation of accounting information often result in improper decision making and inefficient resource allocation within businesses.

SMEs are currently performing the best when it comes to development and creation of jobs in Southern Africa. Contribution of SMEs to South Africa's GDP is approximately 40%, with roughly 60% of South Africa's labour force being employed by SMEs (Small Development Agency, 2022). Many SMEs in the area however, have financial problems as revealed by some studies. Amoako (2021) asserts that some of the management problems is the implementation and application of accounting information in daily activities of business and decision making. Lack of adequate accounting procedures in decision making process increases the complexity for SME managers to monitor financial results, manage expenses and make plans for business growth.

The Zimbabwean SME sector has experienced a rapid expansion in the last 20 years or so, largely driven by the economic situation that have led to the contraction of formal job employment opportunities. Following the economic crisis many people turned to entrepreneurship during the hyperinflation that was experienced between 2008 and 2009 as a way of survival for and small businesses. Therefore, SMEs are of considerable significance in the Zimbabwean economy, and are critical in generating employment and income (Elton, 2021). As shown by the Zimbabwe National Statistics Agency (ZIMSTAT), local SMEs are responsible for around 60% of employment and 50% of Zimbabwe's GDP, thereby contributing significantly to the national economy (ZIMSTAT, 2021).

Despite the growth and economic importance of SMEs in Zimbabwe, many of them continue to experience high performance struggles and even failure rates. Some scholars indicate that a significant number of SMEs die within their first few years of starting and then operation due to faulty of financial management policies and procedures, not having accounting knowledge and sub-optimal usage of accounting information for decision making (Dube, 2022). Majority of SME owners usually rely on the informal financial management systems and do not really maintain proper accounting books and records, which then limit their ability to evaluate their business performance and make intelligent strategic choices.

The accounting information is used as a great instrument for the improvement of decision making and financial management system in SMEs. Abdul-Rahamon and Adejare (2021) state that annual financial reports provide SME owners and managers with essential information necessary to track and assess financial performance, manage resources and plan for future business growth. Good accounting information systems enables managers to make intelligent decisions concerning pricing, cost control, investment and financial planning of their businesses

The objectives of the present work are the examination on the use of accounting information for the decision making in the business. Through the further study of accounting information's influence on SMEs' decision-making, the deficiency or nonexistence of financial management practice on SME sectors could be disclosed. Accordingly, main objective this study is to establish to what extent information in the accounting field being utilised in the decision making of small and micro enterprises in Harare CBD. The main focus of the study will be on the challenges faced by the SMEs in accounting information, types of accounting information knowledge consumed in SMEs and ascertain accounting knowledge gaps of the SME managers and thereby provide practical recommendation on the ways these SME managers can overcome their challenges and enhance their decision making abilities and business performance.

1.2 Statement of the problem

Accounting information is important for managerial decision making because it offers true information about a business's financial status for management planning, control, and monitoring. Accounting Information System’s provides to an organisation, a means to gather, process, and to communicate accounting information in a format that will aid in strategic as well as operational decision making (Soudani, 2012). Locally, SMEs cannot easily make full use of accounting information due to inadequate capital, accounting knowledge and technology available. Studies found that SMEs typically practice manual bookkeeping or incomplete records, and hence the reliability of accounting information used for decision. This negatively affects profitability, cash flow management and overall performance of SMEs. This challenge is very much present in business centers like Harare Central Business District (CBD), where SMEs are working in competitive markets, but often they have to use informal decision-making in contrast to the structured financial information. Thus, the study seeks to determine the impact of accounting information on decision making in case of SMEs in the Central Business District of Harare to reveal shortfalls and to make recommendations for adequate implementation of information for efficient and efficient managerial decision making and business performance.

1.3 Purpose of the study

Current research of interest to many users, in that accounting information is viewed as one of the main determinants of business decisions. Particularly, by the (SMEs) businesses, accounting information provides help for them to comprehend financial position of the business, control their expenditure, plan business activities and devise long-term strategies. So the application of efficient accounting information system will play a positive impact for financial management and the effectiveness of business performance in practice.

1.4 Research objectives

i. To identify the type of accounting information utilised by SMEs in the Harare Central.

ii. To explore factors that prohibit effective utilisation of accounting information in decision making at SMEs in the Harare CBD.

iii. To assess the accounting knowledge gaps among SME managers that affect the utilisation of accounting information in decision making in Harare.

iv. Develop practical recommendations for improving accounting information systems in decision making among SMEs in Harare CBD for the purposes of business performance improvement.

1.5 Research questions

i. What kinds of accounting information can SMEs use for their management decisions?

ii. What constraints do SMEs in Harare encounter when utilizing accounting information in the decision making process?

iii. What SME managers in Harare think about the impact of accounting in the making of strategic decisions?

iv. What strategies can improve the use of accounting information systems in decision making among SMEs in Harare CBD in order to enhance business performance?

1.6 Significance of the study

Significance of the study is in its attempt to evaluate the effects of accounting information on decision making by SME in Harare CBD. Accounting information is crucial in management of a business, for it is an essential source of financial data that will help management plan, control and evaluate the activities of the business. Through a study on accounting information utilisation on decision making in SMEs, the thesis is expected to have a theoretical and practical contribution in the area of financial management of SMEs.

From a practical viewpoint, the research will be valuable to SME owners/managers by reinforcing the role of sound accounting practice to improve business performance. SMEs often fail as a result of bad financial management and accounting procedures. The findings of this research will help SME operators to learn about using accounting information for improving financial planning, cost control and strategic decision making. This may ultimately enhance the sustainability and growth of SMEs.

The study will also benefit policy makers and government institutions responsible for SME development, including the Small Enterprises Development Corporation (SEDCO). The findings will provide insights into the obstacles confronted by SMEs when using accounting information and the accounting knowledge gaps among SME managers. This information can assist policy makers in developing training programs and policies aimed at improving financial literacy and accounting practices among SME operators.

Banks and microfinance institutions may also find use in the results of this study. When making loan application reviews and financial statements of SMEs, it often means the accounting data information are needed. By understanding how SMEs manage their accounting information, financial institutions may improve their assessment processes and develop better financial support programs for SMEs.

1.7 Delimitation

The focus will only be on SMEs within this specified region. SMEs outside Harare CBD, including other towns and rural areas will not be included in this study.

The data comprises the SME owners, managers and those directly involved in the operations of the SMEs financial decision-making. Any employees who are not in the financial management role are excluded in the research for the purpose of gathering pertinent information.

The study will gather data from selected SMEs that are operating in the study area population and sample.

This study was conducted by questionnaires and interview and used a mixed methods research design in Harare CBD.

This research will not involve large companies and multinational companies. The research particularly looks at (SMEs).

In addition, the researcher will analyze the accounting information that is utilised by SMEs, challenges faced when using such information, and the accounting knowledge gaps among SME managers. Other factors affecting the performance of SMEs which will not be explored in the study are marketing strategies, production management or external economic conditions. Hence, the study is restricted in its scope to know the effect of accounting information within the defined area.

1.8 Assumption

i. It is assumed that the interviewee will tell the truth, and be subjective.

ii. It is presumed that the sampled SMEs in Harare CBD are representative of all SME sector in Zimbabwe

1.9 Limitation of the study

Some SMEs might be unwilling to provide accurate financial information, for reasons of confidentiality concerns. The researcher would try to combat this weakness by making the participants feel secure by providing confidentiality and assuring them that the data would be solely for academic research.

Some of the SME owners or managers may not fully understand accounting concept or terminology used in the study. To overcome the above, researcher will make simple and clear questionnaires and explain, when needed.

The research is to take place over a short academic period and will possibly constrain the number of SMEs to be included in the study. To make up for this, adequate sampling procedures were used to make sure that the respondents selected are representative of SMEs in Harare CBD.

The study will only be based on SMEs in the Harare CBD. In this vein, the output may be unrepresentative of other SMEs across the breadth of Zimbabwe. Nevertheless, the study will still offer valuable information for other urban SME contexts.

Some respondents might answer incorrectly or socially desirable answers instead of their business practices. To minimize this limitation, respondents will be assured of anonymity and be encouraged to give honest answers.

1.10 Definition of terms

Small and Medium Enterprises (SMEs): Is registered business entities operating in Harare CBD with relatively small capital investment, employing a limited number of workers and having an annual turnover not exceeding the threshold defined by (SEDCO) in Zimbabwe.

Accounting information: It covers financial information produced by the accounting functions such as financial statements, budgets, cost reports and tax records that are used by SME owners and managers to monitor business performance and support decision making.

Accounting Information Systems (AIS): Collection, storage, process, and retrieval of accounting data, the tools and techniques employed for these activities, and the people and techniques for the acquisition, processing, and output of financial information for management and decision-making.

Decision making: Is a process where SME owners and managers consider and utilise financial and accounting information for selection among various options in areas including budgets, investment and cost control, and price.

Business Performance: Relates to the financial and operational success of the SMEs, which are determined through measures like profitability, growth, cost control, and sustainability of the business.

Accounting Knowledge Gap: Represents absence or insufficient knowledge or skills in accounting that would enable SME owners and managers to accurately use and interpret the information gained from accounting system for business decision making.

1.11 Chapter summary

Chapter one discusses on the setting and back ground of the study; and on the significance of a role played by a decision maker from information obtained through an accounting system for the SMEs found in Harare CBD. All preliminary questions as well as a description of the research field and area under the introduction have already been provided. The significance of the study, assumption, delimitations, limitation and definition of terms has been provided in this part as well. Each of these ensures that the frame or context for the study is supplied. In the next chapter, a review of previous research on accounting information and decision-making of SMEs.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

The literature review of theoretical and empirical studies, concerning the effects of accounting information on decision making, is provided in this chapter because, according to Snyder (2019), it is one of the best bases upon which to learn about specific disciplines. The literature review consists of two main sections. Part 1 gives an insight of the theoretical frameworks underpinning accounting usage, while the part 2 is a literature review divided according to the research objectives including the types of accounting information, the difficulties of SMEs and the accounting knowledge gaps among managers.

2.1 Conceptual Framework

The accounting information system (AIS) represents the independent variable while manager decision-making effectiveness is taken as the dependent variable, according to the theoretical structure of this research. To measure this impact, the study focuses on Management Accounting Information (MAI) specifically the adoption and frequency of key tools such as financial statements, budgets, and cost-volume-profit analysis (Maelah et al., 2021).

Research indicates that when AIS produces high-quality MAI characterized by accuracy and timeliness, it provides a frame work to compare performance. (Al-Hattami et al., 2023). Within the African context, the transition from raw data to effective choice depends heavily on the competency of the users, reinforcing the notion that better accounting outputs support more informed managerial outcomes (Mbelwa, 2008).

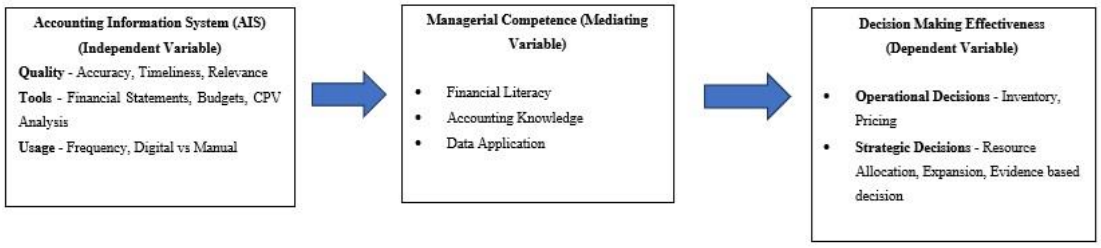


Figure 1: Conceptual Framework showing the impact of AIS on decision making. Source: 2026.

This shows the theoretical part of the study which is represented in the above figure (Figure 1). It shows Accounting Information Systems as the independent variable that provides critical data to SMEs in the Harare CBD. This information flows into the decision-making process, acting as the dependent variable where informed choices regarding business growth, sustainability, and operational investments are made. This framework highlights that as the utilisation of high-quality MAI increases, managers rely less on intuition and more on evidence-based strategies, which is critical for business sustainability in the Harare CBD.

2.2 Theoretical Literature Review

The extent of adoption and relevance of management accounting information (MAI) in decision making in SMEs is quite involved. A multi-theoretical approach is applied to explore how Harare CBD SMEs cope with economic instability. All of these theories build a framework of interaction among external pressures, internal resources, and thought processes.

2.2.1 Decision usefulness theory

Decision Usefulness Theory Accounting information's primary objective is to help its users make an economic decision in a timely, relevant and reliable manner (Scott, 2021). This theory is based on the notions of minimizing uncertainty and allowing a user to select one alternative over another alternative from which to choose. The accountant's information can therefore be used not just for report, but for decision making purposes in today's business.

This theory is very useful to SME since owner of the business is being participated in making decisions for operational strategy. Profitability, liquidity, and financial stability can be gathered from accounting information on statement of financial position, income statement, budgets, and cash flow statements. Abdul-Rahamon and Adejare (2021) demonstrate that SMEs make good utilisation of accounting information for decision making with respect to pricing decisions, controlling costs and taking decisions for investments as well as for business expansion. Thus, Amoako (2021) posits that up-to-date financial data increases the managerial power of SMEs to appreciate performance and adjust to business problems.

Other more recent research studies have placed more importance on the quality of accounting information for the decision-making process. For example, Nandan (2020) points out that financial reports can be used by SMEs to track business progress and ensure that all activities are linked to strategic objectives. Additionally, the use of AIS has ensured timeliness of financial information and improved the accuracy of it, thus raising the decision making effectiveness (Grande et al., 2021). This suggest, that accounting information is important and can't be separated from the business management process.

However, the conceptual use of Decision Usefulness Theory is not always possible in SMEs due to some factors. There is a major limitation in that it assumes that users have sufficient financial knowledge to use accounting information. In fact, many SME owners are not trained in accounting, and this impacts the capability of them to interpret financial reporting (Nguyen and Nguyen, 2020). Consequently, even if information on the decisions is available, it may not be used effectively in the decision-making process.

Furthermore, accounting information also assumed to be reliable and readily available. Many SMEs in developing economies like Zimbabwe have no formal accounting systems or record keeping system and use partial or informal records (Dube and Zhou 2022). This decreases the amount of trust in financial information and limits its utility for decision making. Another factor to consider is the possibility of economic instability or inflation, which can misrepresent financial data and impact its relevance.

Despite the limitations, the Decision Usefulness Theory can still be strongly adapted to this research due to the fact that it illustrates the general concept of how important is accounting information for decision-making by firms. It forms a theoretical basis to investigate the part played by SMEs located in Harare CBD in using accounting information and its effect on their decision-making.

2.2.2 Contingency Theory

It cannot be said that one management accounting system is optimal for all, due to the view that effective MAPs is a matter of "the consistency of management accounting systems with the organisational environment and context" (Otley, 2016). The theory states that MAI needs to be adaptable to within the framework of SMEs in Harare CBD changing economic conditions. Traditional budgets may not be as effective in a country like Zimbabwe, where there is high risk of unforeseen events that can disrupt the budget, rolling budgets and financial monitoring tools should be used to provide more timely information for decision-making.

However, contingency theory has been criticized for being overly rigid, as it assumes that organisations can always achieve an optimal fit with their environment (Donaldson, 2006). This assumption is problematic for SMEs, as they often lack formal structures, technical skills, and financial resources to implement sophisticated accounting systems. Consequently, many SMEs rely on informal or intuitive decision-making processes, limiting the practical applicability of contingency theory in this context.

2.2.3 Resource-Based View (RBV) Theory

Internal resources and capabilities play a vital role in achieving competitive advantage, which is fundamental for lasting success for a firm, as pointed out by Barney and others in their seminal article of RBV theory in 2021. This theory states that a company which can avail of VRIN resources have a higher opportunity to gain success over the other firms.

The accounting information systems (AIS) could be perceived as strategic resources in (SMEs). These systems allow companies to gather, manipulate and report financial data in an organised way, enhancing efficiency and accuracy. This investigation carried by Grande et al. (2021) revealed that the SMEs using AIS have better control of their financial performance, control costs, and make decisions in a better way. This clearly shows the value of accounting systems as internal tools that help to enhance business results.

In addition to systems, human capital in the form of accounting knowledge and financial skills is also a key resource. Amoako (2021) argues that SME managers with strong accounting knowledge are more capable of interpreting financial information and making strategic decisions. Similarly, OECD (2021) emphasises that financial literacy is a critical factor in enhancing SME performance, as it enables business owners to effectively utilise available resources.

The RBV can also be used to understand the reason some SMEs are more successful than others. SMEs that invest in accounting systems, training and financial management practices are more likely to benefit from a gain in the implementation of ICTs. World Bank (2021) says that digital adoption, such as use of digital platforms, has progressed at a varied rate and has greatly enhanced the efficiency and sustainability of SMEs in developing countries. This means that efficiency in usage of internal resource plays important role in success.

But there are some drawbacks to this approach of the RBV. A major criticism is that it has a focus of relying heavily on internal resources and largely ignore external environmental conditions such as market conditions, regulatory framework and economic instability (Muriithi, 2021). SMEs in such countries as Zimbabwe, have to deal with very volatile environments, and thus, the effectiveness of the internal resources can be restricted.

Moreover, RBV relies on the premise that companies are able to gain and build strategic resources. However, in practice, many SMEs are constrained by financial resources and therefore do not have access to sophisticated accounting systems and skills (Sithara and Hoque, 2021). This limits their ability to effectively use accounting information as a strategic asset.

Nevertheless, this study is related to the implementation of the RBV by underlining the importance to take into account accounting information system and financial know how as some of the internal resources pertinent to decision making. It offers a good structure for understanding the performance of these SMEs and how through strengthening their accounting capacity, they can enhance their performance in Harare CBD.

2.2.4 Synthesis of Theories

The Decision Usefulness Theory emphasises the information itself, while Contingency Theory deals with the need for flexibility in the Harare CBD's dynamic economy and RBVs are the internal accounting systems required to enable this flexibility.

2.3 Empirical Literature Review

This part shows empirical research about application of accounting information on decision making for SMEs. The discussion is organised as following by research objectives, categories of accounting information used, problems encountered by SMEs, accounting knowledge gaps and the methods that improve accounting information utilisation.

2.3.1 Types of accounting information used by SMEs in decision making

Based on the findings, SMEs use various forms of accounting information in decision-making in their business, like balance sheets, cash flow statements, cost accounting information and budgets (Abdul-Rahamon and Adejare, 2021; Amoako, 2021). Financial statements are utilised for making analysis on the business financial performance, which is in favor of the business owner's capability in judging the profitability and position of the business, so as to make the proper strategic decisions (Ismail and King, 2020). Cash flow data is crucial for liquidity management and planning investments, and cost accounting data for pricing and cost control (Nandan, 2020; Grande et al., 2021). Budgets also help in planning and resource allocation and have been found to contribute to efficiency (Sitharam and Hoque, 2021).

However, empirical studies indicate that use of these accounting tools is often inconsistent among SMEs. Alsharari (2021) emphasises that countless SMEs, especially in developing economies, working in informal accounting systems and the absence of records reduce effective decision making. Likewise, World Bank (2021) states that the smaller business entities are more likely to have limited accounting information (for accounting purposes) or incomplete information.

2.3.2 Challenges faced by SMEs in using accounting information

Several challenges have been identified from the empirical studies that have hindered SMEs from effectively utilising accounting information in the decision making process. A significant problem which faces the SME sector is the absence of formalized accounting practices. SMEs don't have a formal mechanism to record, processing, and reporting financial information, leading to unreliable financial data for strategic planning (Muriithi, 2021) and Alsharari (2021). In such cases, the businessmen depend on memory or simple records, which can lead to vulnerabilities in the form of errors, inadequate financial management and the difficulty of obtaining external financing for SMEs (World Bank, 2021).

Difficulty in funding may also restrict access as SMEs typically have restricted funding and will not afford the high cost of qualified bookkeepers or accounting tools. According to Sitharam and Hoque (2021), the high cost of accounting software and professional services discourages SMEs from adopting proper accounting systems, resulting in businesses rely on manual bookkeeping methods, which are time-consuming and prone to errors.

Accounting knowledge gaps also persist, as many SME managers lack formal training, leading to a tendency to rely on intuition rather than objective financial data (Nguyen & Nguyen, 2020). Lack of financial knowledge hinders the SME managers from utilising accounting information for better business decisions as stated by Amoako (2021). As a consequence of the lack of this information the company fails in bookkeeping, financial control and planning. It also prevents an SME to identify financial problems at an early stage and make corrections that will prevent an enterprise from failure. A study conducted by Maseko and Manyani (2011) in Zimbabwe investigated the application of accounting in Zimbabwean SMEs and found that small firms don’t employ comprehensive accounting information. Most SMEs operating in Harare are not utilising accounting information in their business decision process, observed Nyathi et al. (2018).

Lastly, external business environment with complex regulatory systems and economic instability discourages proper business record keeping. Alsharari (2021) states that in many cases, SMEs keep records just for tax compliance but not for internal strategic management and states that in the case of developing economies, the inflation and volatile exchange rates affect financial data as well, making it even harder for SMEs to keep records for strategic management purposes.

2.3.3 Accounting knowledge gaps among SME managers

Empirical studies reveal that accounting knowledge is a major constraint for SME managers to make decisions in the context of data-driven decision making, which is highlighted by the lack of accounting skills and financial literacy among SME managers (Nguyen and Nguyen, 2020). The primary reason is inadequate accounting and financial management education, many business owners begin their ventures with technical skills and market needs without any accounting or financial management training. According to Okoye et al. (2020), SME owners with limited formal education in accounting often struggle to prepare and interpret financial statements like profitability, liquidity, and cost structures. Further support to this is from Dlamini (2024) who revealed that a low adoption of advanced management accounting practices (MAPs) has been observed in Zimbabwe owing to a number of limitations with respect to lack of finances and unattractive economic climate. Similarly, Ismail and King (2020) and Okoye et al. (2020) found that SMEs managed by individuals with accounting training are more likely to embrence structured accounting systems and use financial information effectively in decision making.

Furthermore, inadequate financial literacy leads to a persistent over-reliance on intuition and informal judgment rather than objective financial data. Alsharari (2021) explained that, those SMEs relying on intuition rather than financial data are more likely to experience poor financial outcomes due to lack of objective analysis and limits the ability of businesses to evaluate performance accurately in competitive environments.

Despite the critical need for improvement, many SMEs in developing economies face limited access to training and capacity-building programs due to high costs, ignorance, or institutional unavailability (African Development Bank, 2021; World Bank, 2021). In addition, the lack of accounting skills and knowledge among SMEs can influence the effective utilisation of accounting information (Munyanyi, 2020). OECD (2021) highlights that poor financial education contribute to low levels of financial management techniques and reduced business performance.

2.3.4 Strategies to improve the use of accounting information in decision making

Improving utilisation of accounting records among SMEs requires a combination of interventions aimed at strengthening financial knowledge, enhancing access to technology, and providing institutional support. There is evidence that SMEs perform better if they can use information from their accounting in the correct way for improvement and long term sustainability.

According to the African Development Bank (2021), training initiatives that focus on budgeting, financial reporting, and cost management significantly improve financial management practices among SMEs. Similarly, Okoye et al. (2020) found that SMEs that participate in financial training programs demonstrate improved record keeping and better decision-making outcomes. In addition, OECD (2021) emphasises the importance of continuous learning and training of managers in SMEs so that they are enabled to keep up with changing financial environments.

Beyond human skill, the adoption of digital (AIS) acts as a mechanical catalyst for better decision-making. The provisions of digital financial products and services, including mobile accounting applications and cloud-based platforms, has made it easier for SMEs to manage their financial information. According to the World Bank (2021), digital tools enhance the efficiency, accuracy, and accessibility of financial data, enabling SMEs to make well informed timely decisions. Grande et al., (2021) found also that SMEs who uses digital tools are better to monitor finances effectively and make informed decisions.

2.4 Research Gap

Even if the contribution of AIS for SMEs has been addressed in prior research it provided little knowledge because they focused on the introduction of the system and not on the usage of accounting information for management decisions. Studies such as Abdul-Rahamon and Adejare (2021) and Amoako (2021) emphasise the significance of accounting information but do not provide a detailed analysis of how different types of accounting information influence specific business decisions within SMEs.

In Zimbabwe, a notable contextual gap exists, often examines SMEs nationally, overlooking the problems faced by firms operating in the Harare (CBD), where competition, and economic instability create a different set of decision-making priorities. Furthermore, limited evidence exists on how internal resources, external pressures, and managerial practices collectively shape the effective use of management accounting information. This implies that there is a circumstantial void for the application of this information.

Furthermore, most of the papers analyzed has been carried out in developed or broader regional contexts, with limited focus on specific urban environments within developing countries. Although there has been research in this area, the question is not enough investigated in context of usage of accounting information by SMEs in the Harare CBD in relation to conditions in the Zimbabwe's environment. In addition, few studies have gone beyond identifying problems to develop practical frameworks or recommendations aimed at improving the use of accounting records among SMEs. Existing literature largely highlights challenges without providing actionable solutions tailored to SME contexts.

In response to this problem statement, this research intends to investigate the specific accounting information that the SMEs use in their decision making, examine the problem and the gaps in accounting knowledge of SMEs and suggest solutions to the accounting information used by SMEs in decision making in Harare (CBD). It shall enhance the knowledge and practice of the SMEs in Zimbabwe by concentrating on the usefulness of accounting information in the betterment of decision making and its use in improving performance.

2.5 Chapter Summary

This part wraps up the study of the literature. This provided an explanation of the theoretical foundation; empirical researches on, as well as the conceptual framework of Managerial Accounting Information (MAI), in improving effective and efficiency managerial decision-making of the SMEs. Next chapter will explore methodology of study.

CHAPTER III

METHODOLOGY

3.0 Introduction

In this chapter we explain the research methodology employed in the present study, regarding the designs and ways to obtain and process data as it is put as a structured path guiding an entire study from identifying the problem to analysis to ensure consistency (Creswell and Creswell, 2018). The approach, outlines a description of the research intention and how the sample group approach SMEs located in Harare Central Business District with regarding sampling/selecting respondents for research. Additionally, the study instruments, method of data collection, and presentation of data are included with the emphasis on methods taken to keep research valid, reliable, and ethical.

3.1 Research Design

The current study design was an observation for description. Elliot (2021) states that it is a set of situations for gathering and analyzing data, which is both relevant and linked to the aims of the study. This research design is used to describe a situation or event, showing what happens naturally without changing anything. It is especially suitable for gathering quantitative data from participants (Hair et al., 2007The choice for this framework was due to the systematic and direct presentation of how events lead to accounting information being considered for decision purposes. This type of survey was deemed most suitable because it collects primary data and it can describe the population of SMEs trading within the CBD of Harare.

Additionally, the descriptive survey design allowed individuals to be observed in their natural, undisturbed environment, producing rich data that can inform meaningful recommendations. The method ensures to achieve greater breadth with quantitative data and depth with qualitative data, thus better and stronger conclusions.

3.2 Target Population

The sample will be derived from SMEs located in the CBD of Harare. SMEs are selected because the decisions of such firms are based on accounting information hence it is assumed that it will be appropriate to test the influence of financial information on decision making.

3.3 Sampling Frame and Technique

For this study the sampling frame comprised all registered SMEs registered in the Harare CBD that keep some manner accounting records.

3.3.1 Sampling Technique

For the sampling, non-probability method which is Purposive sampling method will be adopted. This method was used as it gave the researcher an opportunity to make a judgment to select appropriate participant(s) who are able to offer information. SMEs with different levels of using accounting information were chosen so as to capture a comprehensive view of the usage ranging from low to high usage of accounting information

3.3.2 Sample Size

There are 50 participants included in the study for quantitative questionnaires. Furthermore, a purposeful sub-sample of 10 SMEs owners, also taken from the same population, was chosen to be interviewed qualitatively so as to gain an in-depth insight. This sample size is viewed as manageable with the available time and resources for data collection and still gives adequate and representative information to determine the impact that accounting information has on decision making of SMEs in Harare CBD. Though this is very small in size it is however large enough for descriptive and explanatory statistics analysis with given limited resources and time available.

3.3.3 Research Participants

Business owners, managers, and accountants that involved in financial reporting, budgeting and strategic planning are respondents for this research. Those are the target because those individuals are directly the main users of accounting information and decision makers on its impacts to the companies.

3.4 Research instruments

During this investigation, data were obtained through questionnaires and interviews.

3.4.1 Questionnaires

The choice of using a questionnaire as the primary method of data collecting was taken by the researcher. According to Hassan (2024), the questionnaire is known as an instrument for research which includes series of questions. The questionnaires were specifically structured to capture data on how financial statements, budgeting, and internal controls influence the daily management decisions of SMEs in the Harare CBD. The researcher managed to gain equivalent information from the 50 participants in a short amount of time available by using structured questions which would require simple quick answers when using this method.

By employing questionnaires, the researcher was restricted from eliciting further information or clarifying responses from some respondents. Time delays were experienced while waiting for replies within the busy Harare CBD environment. The researcher used phone calls and text messages to follow up with participants and prevent delays. The consistent contact with participants increased the response rate and ensured better data quality collected.

Some questions in the questionnaires employed are close ended and structured. To allow for quantitative analysis some of them used Likert Scale measurement approach. The design of the question allowed for the response to cover important variables that were crucial for this study; such as usage rate of accounting information, accounting tools used, and its perceived effect on business performance and decision making, that the structure of the questionnaire ensures consistency of response.

3.4.2 Interview

An interview is defined as a shared conversation where participants come together to construct reflective and forward-looking accounts of their past experiences, anticipated actions, evaluations, and viewpoints, (Grosser, 2024). During the study conducted, it was determined that it was appropriate for semi-structured interviews to be utilised so as to obtain meaningful data from subjects, allowing a deeper probe into the effects of accounting information on the decision-making behavior of SME managers.

Advantages of interview

i. Enabled respondents to speak freely and express their genuine answers about the effect of accounting information in making decisions.

ii. The researcher was able to ask further questions that were not part of the initial set.

However, time was a constraint during interviews because they demand a significant amount of time to sit and analyze the replies.

3.5 Data collection procedures

In an explanation it's said, "set of sources where information primary and secondary studies have been accumulated"(Billups, 2020). To assure collection of reliable information on the use of accounting information a systematic approach by the researcher is adhered to for efficiency among the SMEs in the CBD Harare.

3.5.1 Administrative Clearance and Appointments

The letter from BUSE was given to the researcher before they left for fieldwork. Using this letter as a sign of credibility, appointments were made with SME owners/managers, contacted via email, then by phone calls and text messages. This method helped to ensure a clear communication and allowed participants to choose time for data collection.

3.5.2 Distribution of Instruments

The researcher employed a mixed method approach in distributing the questionnaires. While a few were sent electronically to accommodate remote participants, most were delivered in person using the drop and-pick method. This physical distribution was very important in the busy environment of the Harare CBD where it eliminated delays, allowed the researcher to present the research to respondents in person, and state the purpose and significance of the study.

3.5.3 Collection and Follow-up

These questionnaires were gathered manually and electronically, and with follow-up reminders to ensure there were no time delays. The regular follow-up helped to ensure that all 50 questionnaires were returned on time, maintaining the reliability of the data and achieving a high response rate.

3.6 Validity and Reliability

The concepts of validity and reliability are wider here than that which one would associate with studies which deal with only numbers as quantitative and qualitative data are used. Credibility, dependability and trustworthiness are concepts used when analysing qualitative data (Lechien et al., 2024).

3.6.1 Validity

According to Fomani, et al. (2024), validity is the degree of shared understanding that has been established by the researcher and participants regarding the meaning of the interpretations and concepts. To validate the research, researcher gathered data through variety of methods checking of findings. This is important as to how it is expected the SME's are located around the CBD of Harare and it is also imperative that the findings are valid and convincing.

3.6.2 Reliability

It is described as the extent to which chance events do not affect the outcome of a study (Huang et al., 2024). Reliability, as noted by İlhan and İkikat (2024), it is the consistency of the results obtained, and their ability to be accurately reproduced with similar methods. In this research, the reliability was achieved through keeping value of field remarks and giving a clear documentation on the research procedures. An instrument is said to be reliable when the results of the study can be reproduced with the same method in another setting.

3.7 Data presentation and Data Analysis

3.7.1 Data presentation

It is the process of representing data visually to communicate critical information clearly and effectively using charts and graphs instead of resorting to numbers alone. Instead of relying on raw numbers alone, the researcher used visual formats that is easy to look, understand, interpret and use for informed decision making. Data represented in Tables and Charts and also with percentages. So that it may not be too difficult for the reader to comprehend the findings of this study.

3.7.2 Data analysis

This defines the planned examination of data, cleanliness, alteration, or demonstration intended to reveal relevant information. To uncover useful information, to draw conclusions, and to aid decision making." (Hassan, 2024). Businesses, policy makers and researches must analyze these trends, forecasts and support decision making through interpretation of data. The data collected via questionnaires was descriptively assessed in MS excel while the interview data were thematically assessed for the qualitative aspect of data collected for performance in the selected SMEs. The researcher interpreted the data through conventional comparison and made significant conclusions and recommendations.

Using correlation and basic principles of regression modeling, analysis was undertaken to identify how the dependent variable relates to the independent variable. The equation was used as follows:

$$DQ = \alpha + \beta AIU + \mathscr{E}$$

Where:

DQ = Decision Quality

AIU = Accounting Information Usage

α = constant

B = coefficient showing the effect of accounting information usage

$\mathscr{E}$ = error term

In order to explore the impact of accounting information on decision-making of SME, the research on the relation of variables in the framework (Accounting Information Usage (AIU), Business Performance (BP) and Decision Quality (DQ)) was done. Correlation was used in the following case, where it was a test of strength and direction of relationships.

Another element of the research was the creation of a composite index which was designed to assess AIU in terms of how often certain types of AI tool were employed and the degree to which the data which they produced was used in decision-making.

Variable table

Variable	Description	Measurable
AIU	Accounting Information Usage	Frequency of use, tools used, application
DQ	Decision Quality	Accuracy and effectiveness of decisions
BP	Business Performance	Profitability, cost control, cash flow stability

Source: Field Survey Data (2026)

3.8 Ethical consideration

According to Beauchamp and Childress (2019), ethics refers to a set of moral principles that guide individuals or groups in deciding what is right and wrong. Ethics involves the rules and principles that help researchers to carry out their studies with honesty, responsibility and fairness, while safeguarding the dignity, welfare and rights of participants in this study (Resnik, 2020). All participants in the study were treated with respect, dignity and ethical standards. Participants were assured that their anonymity, confidentiality and privacy would be strictly maintained throughout the research process.

3.9 Chapter summary

This chapter examines those various approaches which have been used in order to gather data on accounting information and its effect on the decision making processes of small businesses. This will involve discussion of research methodology, population, methods of data collection, sample method, question types, validity and reliability of data, ethics, and data presentation and analysis.

CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This section will illustrate the way the data that is collected will be summarized, presented, statistically analyzed and the information will be discussed to assess the impact of accounting information on decision making for SMEs in the CBD of Harare and its association to each other variable. The approach of the survey is by a mix of qualitative and qualitative ways of obtaining data.

The analysis focuses on:

i. The access to and use of accounting information

ii. The connection between accounting information and the quality of decisions

iii. The impact on business performance

iv. Challenges affecting effective utilisation

Finally, in the end of chapter, a data-driven approach has been proposed for enhancing the decision-making process of SMEs.

4.1 Response Rate

60 questionnaires were handed out to participants, of which 50 were completed successfully and collected.

Table 1: Response Rate. Source: Field Data (2026)

Description	Frequency	Percentage
Questionnaires distributed	60	100%
Returned	50	83%
Not returned	10	17%

Interpretation:

The response rate of the survey was 83% which exceeds the generally accepted threshold of 70% for survey research, giving the study high reliability and keeping non-response bias to minimal. The research data is therefore considered valid and suitable for robust academic analysis and study

4.2 Demographic and Business Profile

4.2.1 Measurement of variables

A composite index was used in measuring the Accounting information Usage (AIU) which derived from frequency of use, accounting tools in use, and the application of accounting information in the process of decision making. Decision Quality (DQ) was assessed based on the self-evaluation of the respondents of the decision outcomes concerning financial impact, accuracy and effectiveness. Business performance (BP) was measured through the indicators like profitability, stability, cost efficiency and cash flow.

Sector Distribution

Table 2: Sector Distribution of SMEs. Source Field Data (2026)

Sector	Frequency	Percentage
Retail	18	36%
Wholesale	10	20%
Manufacturing	8	16%
Services	14	28%

Interpretation:

The dominance of the retail and service sectors highlights the structure and composition of the SMEs in Harare CBD, where trading and service provision are the primary economic activities and very little manufacturing activities.

4.2.2 Gender Distribution

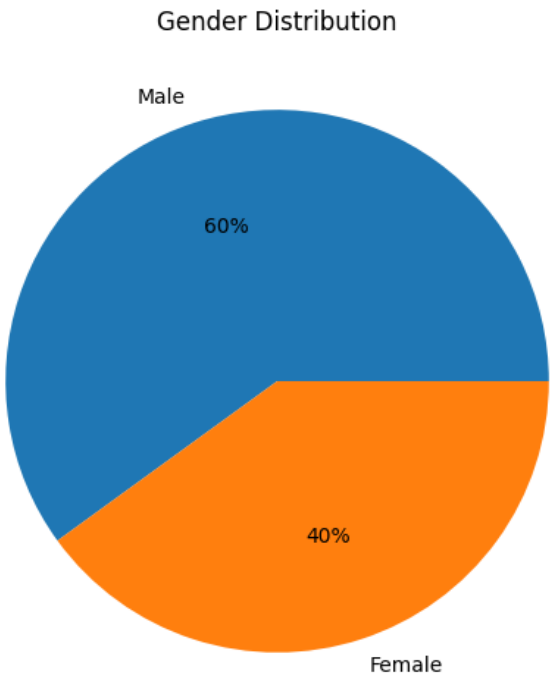


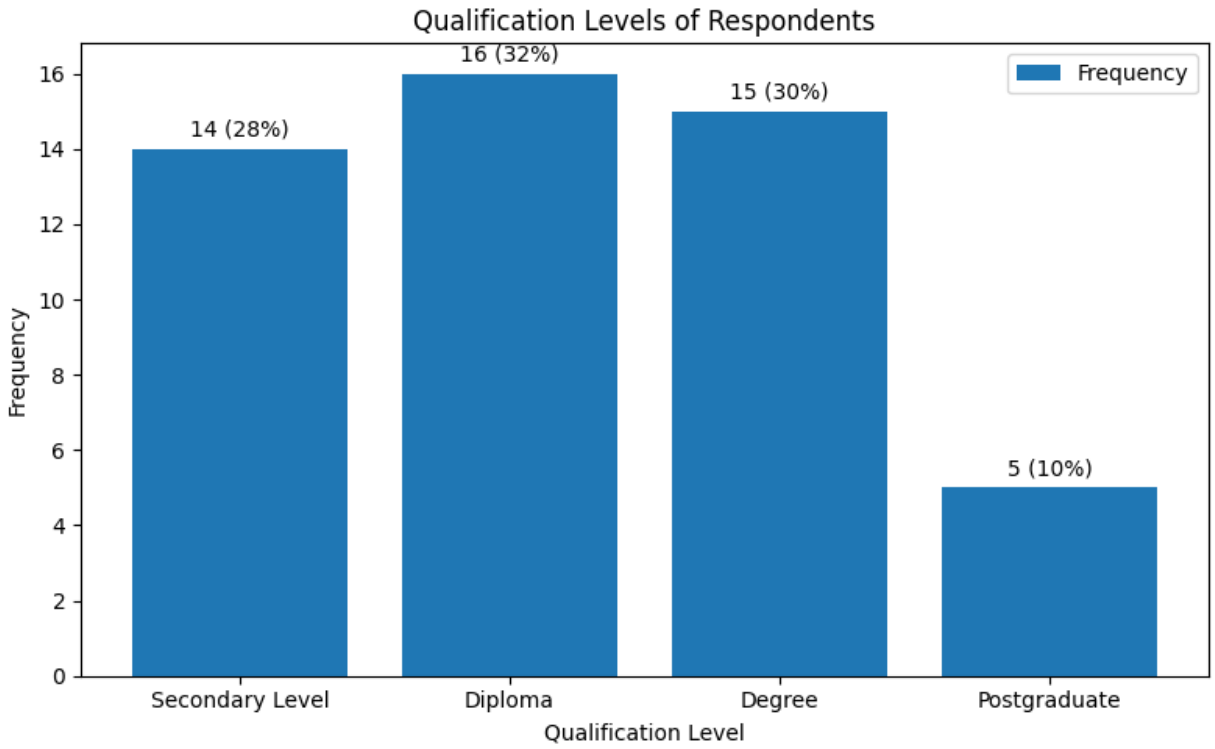
Figure 2: Pie chart Showing Gender Demographics. Source: Field Survey Data (2026)

Interpretation:

In the above Figure 2 displays that there were 30 male and 20 female in the target population selected. As per the results gender found out was that 60% male and 40% were female. From this we get that gender wise distribution in SME sector is male dominant though female share is also substantial. Addition of both in studies increases the credibility of study result.

4.2.3 Educational Qualification

Figure 3: Educational qualifications of respondents, Source Researcher (2026)



Interpretation:

The survey data shows that most of the survey participants possess a minimum of a diploma or a university degree. However, a considerable portion only have secondary qualification which may have contributed to the financial literacy challenges that the study identifies. This would imply that educational background and qualifications will play a significant part in how effectively accounting information will be used in decision making.

The variation in educational levels among the study's respondents explains the differences in AIU and decision-making quality. Respondents with higher educational qualifications shows more likelihood in interpreting and applying accounting information effectively, while those who possess lower qualifications face challenges in implementing financial practices.

4.2.4 Years in Operation

Table 3: Years in Operation. Field Survey Data (2026)

Years of operation	Frequency	Percentage
Less than 2 years	12	24%
2-5 years	20	40%
6-10 years	10	20%
More than 10 years	8	16%

Interpretation:

Most of the SMEs under study (40%) fall within the 2–5 year range, suggesting moderate experience in but potential shortcomings in the creation and execution of structured accounting procedures within their practice.

4.3 Availability and Nature of Accounting Information

4.3.1 Record Keeping Practices

Table 4: Maintenance of accounting records. Source: Field Survey Data (2026)

Response	Frequency	Percentage
Yes	40	80%
No	10	20%

Interpretation:

From these outcomes, 80% of SMEs maintain some form of proper accounting records and bookkeeping, however, a less significant proportion of 20% do not keep proper accounting records, indicating a substantial gap in financial management and accounting practices across the SMEs

4.3.2 Types of Accounting Information Utilised

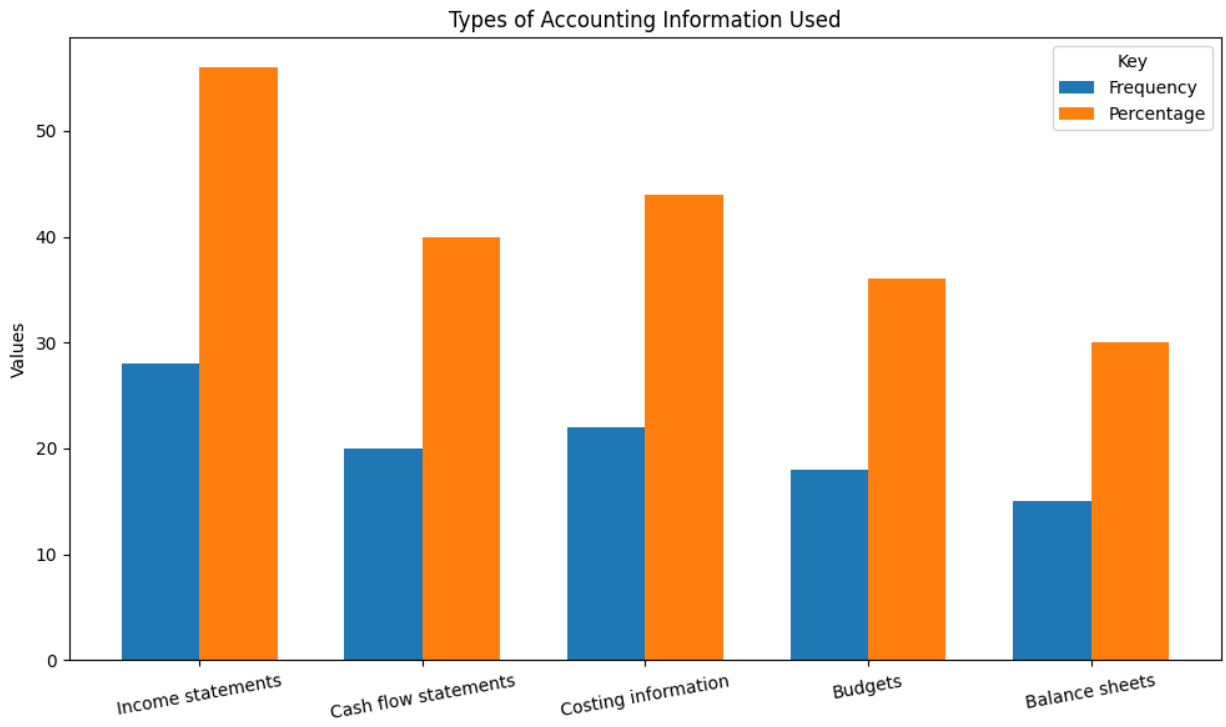


Figure 4: Accounting Records Kept. Source: Field Survey Data (2026)

Interpretation:

The outcome shows that income statements are the most commonly used, suggesting a major focus on profitability by the SMEs. However, the limited use of balance sheets shows a weak attention to financial position of businesses and long-term planning and survival.

4.4 Use of Accounting Information in Decision-Making

Table 5: Frequency of Use. Source: Field Survey Data (2026)

Description	**Frequency**	**Percentage**
Regularly	15	30%
Occasionally	20	40%
Rarely	10	20%
Never	5	10%

Interpretation:

Only 30% of the local SMEs regularly and consistently utilise accounting information, while the majority of the players use it intermittently, showing underutilisation of accounting information in the activities of these SMEs.

4.5 Relationship between Accounting Information and Decision Quality

To examine this link, SMEs were categorized by level and extent of accounting information usage (Low, Moderate, and High) and then compared with the perceived quality in the decision-making.

4.5.1 Cross-Tabulation Analysis

Table 6: Accounting Information Usage vs Decision Quality. Source: Author's Computation (2026)

Usage level	**High decision quality**	**Moderate decision quality**	**Low decision quality**
High	11 (79%)	3 (21%)	0
Moderate	10 (48%)	8 (38%)	3 (14%)
Low	3 (20%)	6 (40%)	6 (40%)

Interpretation:

The findings reveal a significant positive correlation among accounting information usage and decision quality in the selected SMEs. Those SMEs with high usage of accounting information exhibit significantly better decision outcomes, while those with low usage are associated with poorer decision-making.

4.5.2 Analytical Relationship

The relationship can be expressed as:

$DQ = \alpha + \beta AIU + \mathscr{E}$

Where:

DQ = Decision Quality

AIU = Accounting Information Usage

B > 0 indicates a positive relationship

Interpretation:

Equation tells us that, while we hold others factors constant, growth in accounting information usage will improve the quality of the decision making.

4.6 Impact on Business Performance

4.6.1 Performance Indicators by Usage Level

Table 7: Business Performance by Usage Level. Source: Field Survey Data (2026)

Usage level	Profit growth	Cash flow stability	Cost efficiency
High	75%	80%	82%
Moderate	55%	60%	65%
Low	30%	35%	40%

Interpretation

A notable relationship exists: higher accounting information usage is directly proportionate with financial and company performance across all indicators. This thus elaborates that the usage of accounting information hugely contributes not only to decision-making of an organisation but also to the overall performance of a business which aligns to the findings of (Nguyen et al, 2021).

4.7 Challenges Affecting Use of Accounting Information

4.7.1 Severity Ranking

Table 8: Accounting Information Usage Barriers Scale. Source: Field Survey Data (2026)

Challenge	Mean score (1-5)	Rank
Lack of accounting knowledge	4.2	1
Cost of accounting services	3.8	2
Time constraints	3.5	3
Complexity of systems	3.2	4

Interpretation:

The major problem with accounting information use is insufficient knowledge and skills of accounting and it implies that actual barrier is more related to skills not only money. SMEs lack the required human capital with necessary financial knowledge. Financial literacy as a barrier also aligns with studies by Lusardi, 2019.

4.8 Qualitative Analysis

Interviews were done with 10 SME owners and provided deeper perception into the study and a number of subjects were obtained.

Subject 1: Intuition-Based Decision-Making

“Most part in decision is usually based on experience rather than financial reports.”

Insight:

Many SMEs owners alluded that they rely on informal methods and experience, supporting quantitative data and findings of low usage in making their day to day decisions. They said this is because of the largely informal structure of the Zimbabwean market. Tuffor et al., 2022 also supports the reliance of intuition in decision making by SMEs.

Subject 2: Poor understanding of financial data

“I keep the financial records, but it is difficult to interpret them.”

Insight:

Availability of financial an accounting information does not always guarantee effective use of it in decision making. Some owners claimed that they record their day to day financial data but struggle to interpret it into meaningful financial decisions.

Subject 3: Cost Constraints

“Hiring an accountant is expensive.”

Insight:

Another part of the study stated that their financial positions restrict them any access to professional expertise of hiring accountants or firms to interpret their data into meaningful information for decision making.

Subject 4: Positive Impact When Used

“Regular tracking of my finances improved my profits.”

Insight:

It turns out, as the title indicates that decision making and the use of accounting data are very strongly related – it's not that there's an indirect relation.

4.9 Integrated Discussion of Findings

This investigation concludes by observing that the accounting information is at an average level in industries, but the business uses it in the way mentioned above for various reasons. There is statistically and meaningfully strong positive association between accounting information usage, the quality of business decisions and the business performance.

However, this relationship can be restricted by limited financial knowledge, cost barriers, time and complexity matters. Thus, improving both access to accounting knowledge and capability to make use of it essential.

4.10 Proposed Framework for SME Decision-Making

The framework provides a clear way to understand how SMEs use accounting information. It starts with Inputs like raw data, technology, and managers' financial skills. These Inputs are processed through recording transactions and creating financial reports, transforming numbers into useful insights. The process is governed by elements of manager's past experience and time or cost limitations, which affect decision-making on daily operations and future growth. Ultimately, this leads to better profits, improved efficiency, and sustainable business practices.

4.11 Chapter Summary

This chapter had shown and discussed research data regarding usage of accounting information within the SMEs in Harare CBD. The findings are: accounting information was widely available in accounting use across the industries; information of financial, accounting use level and the quality of decision making were very strongly positively correlated; as a matter of fact, the utilization level of accounting information has a direct impact on the success rate of firms.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

All the conclusions and results obtained in chapter 4 are briefly explained here. And also suggest a policy implication and empirical conclusion drawn on the result of empirical evidences, at last the chapter suggest some recommendation that might be useful in enhancing usage of accounting information to SMEs within Harare CBD for decision making. Also, this chapter would touch on the policy implications, constraints of the current survey and suggestions on the other fields where academic research can be carried out further.

5.1 Summary of Key Findings

And then, for the chapter we can summarize in a general overview of findings of study which had been based on research question had been established.

5.1.1 Availability and Usage of Accounting Information

Study revealed that even though majority of SMEs maintained some form of accounting records, there is moderation and inconsistency in the level of usage. While a fairly larger part of 64% of respondents who stated that they keep accounting records, only 30% confirmed utilising the regular of accounting information in their decision-making.

Interestingly, all of the most commonly used accounting tools-namely income statements and costing information were more often used compared to balance sheets and budgeting systems, according to this report. The nature of such a pattern suggests that SMEs consider financial performance in the short term over long-term financial planning.

The composite Accounting Information Usage (AIU) index developed in the study further revealed that:

28% of SMEs had high usage levels

42% had moderate usage

30% had low usage

This indicate the majority of the local SME owners still not fully utilized all accounting information that available so the potential to get the most benefit from information to support decision making process are less than possible.

5.1.2 Relationship Between Accounting Information and Decision-Making

Accounting information usage and decision quality had positive relationship

Correlation analysis revealed that:

The connection between Accounting Information Usage (AIU) and Decision Quality (DQ) was strong ($r \approx 0.72$).

SMEs with a higher usage level of accounting information showed significantly better decision outcomes.

Furthermore, cross-tabulation results highlighted that:

79% of high-usage SMEs indicated a higher decision quality and,

Only 20% of the low-usage SMEs indicated a higher decision quality.

The finding is also consistent with the notion that more utilization of accounting information by SMEs makes more effective, precise and financial viability decisions.

5.1.3 Impact on Business Performance

The study found that, when business managers make more efficient and more reliable use of available business intelligence and accounting information systems, a greater improvement to business and economic performance is possible.

The more that SMEs used accounting information they demonstrated:

Higher levels of profitability

Improved stability in cash flow

Better efficiency in cost control

Decision Quality and Business Performance (BP) produced a strong correlation ($r \approx 0.75$), further underscoring that decision-making improved acts as mediating between accounting information and outcomes measures.

A consistent upward trend was discovered in the survey, where an increase in the usage accounting information led to progressively improved performance indicators.

5.1.4 Challenges Affecting Effective Use

Research on the barriers to accounting information effective use includes:

Absence of accounting knowledge-that was the top placed barrier

High cost of hiring professional accounting services

Time constraints

Complexity of accounting systems

Both quantitative rankings and qualitative insights reconciled that financial literacy is the most important constraint, suggesting that the aspect of AIU is more knowledge-based than it is financial.

5.1.5 Qualitative Insights

Qualitative findings from this research cemented and explained the quantitative results:

Many local SME owners hugely rely on intuition-based or experience-based decision-making.

Some of the SMEs only keep records but then lack the ability and know-how to interpret them and process them to meaningful decisions.

SMEs that largely make use of accounting information showed noticeable improvements in their performances.

These results highlight a gap between data availability and data utilisation, exposing the importance of interpretation skills of raw financial data into meaningful decisions.

5.1.6 Framework Validation

The framework built up in Chapter 4 was further supported by the results, demonstrating that:
Accounting information must pass through the stages of processing and interpretation before it is used in making decisions.
The moderating factors like skills, experience and cost have a significant effect on the outcomes.

5.2 Conclusions

Research data indicates that:

5.2.1 Accounting Information is readily available in SMEs but underutilised

Although many SMEs keep some kind of accounting records, their use in decision-making is not consistent. This underutilisation limits the potential benefits of accounting information.

5.2.2 Accounting Information has a significant direct impact on Decision Quality

There is very strong empirical evidence that accounting information improves decision-making to a greater extent. SMEs that usually makes use of accounting information shows that they more frequently make better-informed and more effective financial and business decisions.

5.2.3 Decision Quality drives business performance

There are better business outcomes from improved decision-making, supported by accounting information. Decision quality thus acts as a crucial connection between accounting information and performance hence the positive relationship between them.

5.2.4 Financial literacy is a key determinant

The use of accounting information by the local SMEs mainly depends on the capacity of SMEs owners' to understand and utilize it. The lack of financial knowledge thus remains as the primary barrier to effective usage of financial information.

5.2.5 The Relationship is systemic and dynamic

This is very true that the relation exists, but accounting information effects on the performance and on the decision isn't linear, can be showed as interaction and continuous flow as shown in the above picture. However, the feedback mechanisms allow the SMEs to improve over time with experience and better intuition.

5.3 Recommendations

From the results above, it was decided to make the following recommendations:

5.3.1 Financial Literacy and Training Programs

SME owners should be encouraged to embark in training at least some basic accounting and financial management of financial data. Such training programs should mainly focus on:

Interpretation of financial statements

Budgeting and cost control

Usage of accounting information in decision-making

5.3.2 Adoption of simplified accounting systems

SMEs should try and adopt simple, easy and user-friendly accounting tools in their accounting practices to:

Reduce complexity

Improve record-keeping

Improve the accessibility of financial data

5.3.3 Use of affordable accounting services

Local SMEs should also consider outsourcing accounting services even on a part-time basis or consultancy basis to try and reduce costs while they work on improving financial management.

5.3.4 Integration of accounting information into decision processes

Local SMEs are expected to embrace the application of accounting information also to the following:

- Setting the price
- Investment analysis
- Budgeting and forecasting

5.3.5 Policy and Institutional support

Government and our local financial institutions should:

- Provide subsidized training programs for local SMEs
- Promote digital and user-friendly accounting solutions
- Encourage and promote formal financial practices among SMEs through audits

5.4 Policy Implications

The study results suggest that improving local SME performance requires more than just financial support. Policymakers should also try and pay more attention to:

- Promoting financial literacy among SME owners and operators
- Promoting the adoption of digital and easy to use accounting systems
- Creating an enabling environment for formal business practices among SMEs to grow

The accounting information will be positioned with this strategy as an aid to economic development.

5.5 Limitations of the Study

Some issues exist with this study though:

- The study sample size was relatively small, with only 50 SMEs
- The research focused only on Harare CBD, limiting from a broader geographical area

- Data was also self-reported, which may lead to bias replies.

However, with these constraints the study still yielded some significant findings on the decision-making processes of SMEs.

5.6 Areas for Further Research

Further studies would need to analyze further locations across Zimbabwe so as to render the research results generalizable. The importance of digital accounting systems to SMEs sustainability should be studied along with longitudinal studies. Future studies must focus on identifying how financial literacy training affects business performance of SMEs.

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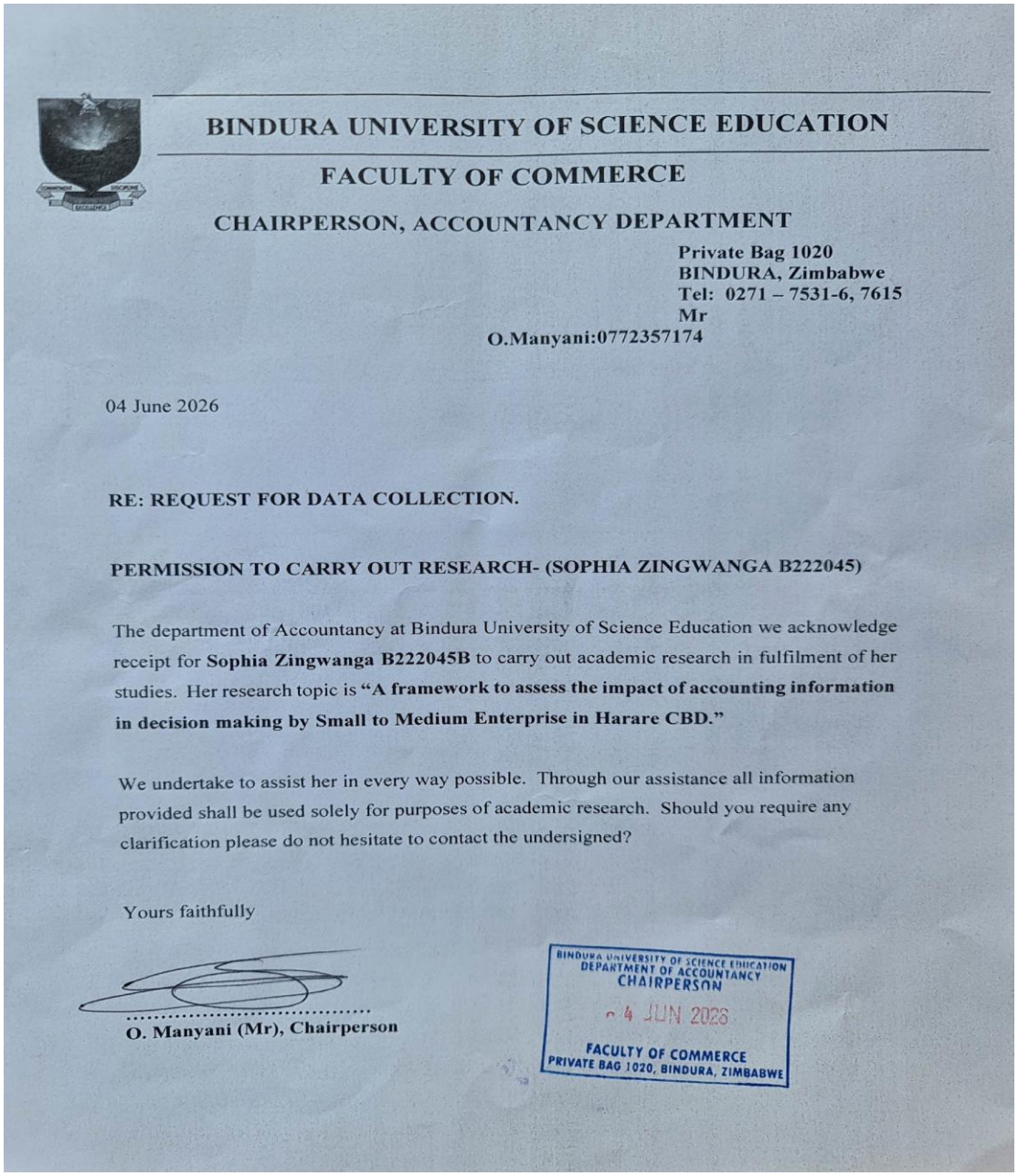
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APPENDICES

Appendix A: Research Questionnaire.



BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

CHAIRPERSON, ACCOUNTANCY DEPARTMENT

Private Bag 1020
BINDURA, Zimbabwe
Tel: 0271 – 7531-6, 7615
Mr
O.Manyani:0772357174

04 June 2026

RE: REQUEST FOR DATA COLLECTION.

PERMISSION TO CARRY OUT RESEARCH- (SOPHIA ZINGWANGA B222045)

The department of Accountancy at Bindura University of Science Education we acknowledge receipt for **Sophia Zingwanga B222045B** to carry out academic research in fulfilment of her studies. Her research topic is **"A framework to assess the impact of accounting information in decision making by Small to Medium Enterprise in Harare CBD."**

We undertake to assist her in every way possible. Through our assistance all information provided shall be used solely for purposes of academic research. Should you require any clarification please do not hesitate to contact the undersigned?

Yours faithfully

O. Manyani (Mr), Chairperson

BINDURA UNIVERSITY OF SCIENCE EDUCATION
DEPARTMENT OF ACCOUNTANCY
CHAIRPERSON
04 JUN 2026
FACULTY OF COMMERCE
PRIVATE BAG 1020, BINDURA, ZIMBABWE

SECTION A: DEMOGRAPHIC AND GENERAL INFORMATION

Choose the correct response

A1. Gender

☐ Male

☐ Female

☐ Rather not mention

A2. Age Group

☐ 18 – 25 years

☐ 26 – 35 years

☐ 36 – 45 years

☐ 46 – 55 years

☐ 56 years and above

A3. Highest Educational Qualification

☐ Secondary Level

☐ Certificate

☐ Diploma

☐ Bachelor's Degree

☐ Postgraduate (Honors / Master's / PhD)

A4. Position in the Business

☐ Owner

☐ Manager

☐ Accounting/ Bookkeeper

☐ Other (please specify): _____

A5. Number of years in Business

☐ Less than 2 year

☐ 2 – 5 years

☐ 6 – 10 years

☐ 7 – 10 years

☐ Above 10 years

SECTION B: TYPES OF ACCOUNTING INFORMATION USED

B1. What accounting information does your company utilize?

(Tick (uncheck) each element you agree to)

☐ Income Statements

☐ Balance Sheets

☐ Cashflow Statements

☐ Budgets

☐ Costing Information

☐ Payroll Information

☐ Inventory records

B2. How frequently is accounting information used in decision making

☐ Always

☐ Often

☐ Sometimes

☐ Rarely

☐ Never

B3. Which business decisions are influenced by accounting information

☐ Pricing decisions

☐ Budgeting decisions

☐ Investment decisions

☐ Cost control decisions

☐ Expansion decisions

☐ Staffing decisions

SECTION C: IMPACT OF ACCOUNTING INFORMATION ON DECISION MAKING

On the following scale, please rate your agreement/disagreement:

Scale: 1 = Strongly Agree | 2 = Agree | 3 = Neutral | 4 = Disagree | 5 = Strongly Disagree

Assertation	1	2	3	4	5
Accounting information improves decision accuracy					
Accounting information improves profitability					
Accounting information improves cash flow management					
Accounting information assists in cost control					
Accounting information improves business performance					

SECTION D: CHALLENGES AFFECTING USE OF ACCOUNTING INFORMATION

D1. What factors restrict the successful application of accounting data in your business? (Select all that are applicable)

☐ Lack of accounting knowledge

☐ High cost of accounting services

☐ No accounting software

☐ Time constraints

☐ Complexity of accounting systems

☐ Poor record keeping

D2. To what degree do you agree with the following statements?

Statement	1	2	3	4	5
SME managers lack sufficient accounting knowledge					
Financial literacy affects decision-making quality					
Accounting systems are difficult to understand					
SMEs require training in accounting practices					

SECTION E: RECOMMENDATIONS

E1. What actions can be taken to enhance the usage of accounting information by SME?

(Tick all that apply)

☐ Financial literacy training

☐ Adoption of simple accounting software

☐ Hiring accounting professionals

☐ Government support programs

☐ Improved record-keeping systems

SECTION F: OPEN-ENDED QUESTION

12. From your perspective, what steps can SMEs take to make better use of accounting information in their decision-making processes?