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DIGITAL ACCOUNTING SYSTEMS AND RETAIL SME PERFORMANCE IN ZAMBIA: IMPLICATIONS FOR CHIPATA

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2. ABSTRACT

This article examines how digital accounting systems may support retail small and medium-sized enterprise performance in Zambia, with implications for Chipata. A narrative review combines scholarly accounting and information-systems research with official Zambian policy, establishment, financial-inclusion, connectivity and electronic-invoicing materials. The Technology-Organization-Environment framework explains adoption conditions, while the DeLone and McLean information-systems success model supports an account of effective use and business value. The synthesis identifies potential mechanisms involving record quality, reporting timeliness, inventory visibility, cash-flow monitoring, internal control and management decisions. These mechanisms may contribute to efficiency, resilience and finance readiness, but purchasing software alone does not establish improved performance. System suitability, user skills, management commitment, data quality, affordability, infrastructure and security shape the outcomes. The article develops six propositions and a staged implementation pathway for retail SMEs. It provides a context-sensitive framework rather than new survey findings or a measured effect for Chipata. Future local research should distinguish adoption, effective use, information quality and business performance, and should combine respondent perceptions with verifiable operational and financial measures.

3. KEYWORDS: Digital accounting; Retail SMEs; Accounting information systems; Business performance; Chipata; Zambia.

4. INTRODUCTION

Small and medium-sized enterprises occupy a central position in Zambia's economic and employment landscape. The Ministry of Small and Medium Enterprise Development's 2023 implementation plan reports that MSMEs account for about 97% of businesses, contribute approximately 70% of gross domestic product and support about 88% of employment (Ministry of Small and Medium Enterprise Development, 2023). Although these figures are policy estimates and include micro-enterprises, they show why improvements in the productivity and sustainability of smaller firms are economically significant. The 2025 Economic Establishment Census further illustrates the scale and diversity of Zambia's business base: Zambia Statistics Agency mapped 485,034 active establishments across all 1,858 wards, including businesses operating from both permanent and temporary or informal structures (Zambia Statistics Agency, 2026).

Retail SMEs are especially information-intensive. A shop may process hundreds of low-value transactions, replenish multiple product lines, receive payments through cash, mobile money and bank channels, extend informal credit, manage supplier balances and respond to frequent price changes. Yet many small firms still rely on notebooks, loose receipts, manual ledgers or fragmented spreadsheets. Such practices may appear inexpensive, but they can weaken visibility over sales, stock, margins, cash balances and obligations. When financial information is incomplete or late, management decisions become more dependent on memory and intuition than on reliable evidence.

Digital accounting systems offer a different operating model. In this article, the term includes computerised accounting information systems, cloud accounting applications, point-of-sale systems linked to accounting records, digital invoicing, inventory modules and integrations with banking or electronic payment platforms. These tools can automate transaction capture, calculations, reconciliations, reporting and stock updates. They can also create an audit trail that is more searchable and more useful for management than a purely manual system. The strategic question, however, is not simply whether a business owns accounting software. The more important question is whether the system is appropriate, consistently used and embedded in management routines that improve decisions and performance.

The Zambian business environment makes this question increasingly relevant. Digital financial services have expanded, the National Financial Inclusion Strategy II places SMEs and digital financial services among its priority areas, and the Zambia Revenue Authority's Smart Invoice initiative has increased the practical importance of electronic transaction records and stock information for tax administration (Ministry of Finance and National

Planning, 2024; Zambia Revenue Authority, 2025). At the same time, the benefits of digitalisation coexist with constraints such as cost, digital skills, connectivity, electricity reliability, cyber risk and limited internal-control capacity. The result is a setting in which the value of digital accounting is plausible but not automatic.

This article therefore develops a Zambia-focused synthesis of the relationship between digital accounting systems and retail SME performance, with Chipata used as the principal local context. Its contribution is threefold. First, it separates technology adoption from effective use and business value. Second, it connects accounting outcomes such as information quality, inventory visibility and internal control to broader performance outcomes. Third, it integrates adoption conditions from the Technology-Organization-Environment (TOE) framework with information-systems success logic to explain why the same technology may produce different outcomes across SMEs.

Zambia and Chipata: the business and digital context

The 2022 MSME Finance Survey provides national evidence on business characteristics and access to finance. Its survey-specific classifications should be distinguished from current legal or programme definitions (Bank of Zambia & Zambia Statistics Agency, n.d.). Researchers studying retail SMEs should state the employment, turnover and geographic criteria used in their own sampling frame.

The retail setting increases the value of timely accounting information because stock and cash are continuously moving. A business can be profitable on paper while experiencing a cash shortage, can report strong sales while losing margin through pricing errors, or can hold substantial stock while suffering from slow-moving or expired inventory. In such settings, accounting information is not only a historical record. It is an operating signal for purchasing, pricing, credit, cost control and cash planning.

Chipata is a commercially important urban centre in Eastern Province and serves surrounding agricultural and cross-border markets. Local evidence suggests that SMEs in Chipata face familiar growth constraints. Mvula and Hapompwe (2025), in a mixed-methods study of SMEs in Chipata District, identified financial constraints, outdated technology, limited strategic knowledge and infrastructure-related challenges among the factors affecting growth. These constraints matter for digital accounting because the firms most likely to benefit from improved information may also be the firms least able to absorb software, hardware, training and support costs.

At national level, digital connectivity is expanding but remains uneven. ZICTA's market reporting shows continued growth in mobile and internet services, while the World Bank's Zambia Digital Economy Diagnostic emphasises that digital infrastructure, digital skills, digital entrepreneurship, digital platforms and digital financial services need to develop together for transformation to create broad-based value (World Bank, 2020; Zambia Information and Communications Technology Authority, 2026). For retail SMEs, this means that cloud accounting and integrated digital systems can become more feasible as connectivity improves, but firms still require offline contingencies, secure backups and practical support where network or power disruptions occur.

Table 1. Selected indicators shaping the digital-accounting environment in Zambia.

Indicator / policy signal	Current evidence	Relevance to retail SMEs
MSME economic importance	The 2023 MSME Development Implementation Plan reports MSMEs as approximately 97% of businesses, 70% of GDP and 88% of employment.	Accounting capability can have effects well beyond individual firms because smaller enterprises form a large share of the economy.
2025 establishment census	485,034 active establishments were mapped across 1,858 wards; 73.9% were regular establishments in permanent structures and 26.1% were micro establishments in temporary or informal structures.	Digital solutions must work for heterogeneous firms, including low-resource and partially informal businesses.
MSME finance survey	The 2022 survey provides national evidence on MSME characteristics, finance and business practices.	Reliable records can support cash management, lender assessment and business formalisation.
Digital connectivity	ZICTA reports continuing expansion of mobile and internet services, although quality and affordability vary by location.	Cloud and mobile accounting become more feasible, but firms still need resilience for outages and weak connectivity.
Smart Invoice	ZRA introduced a software-based electronic invoicing solution that transmits invoice data and supports stock information.	Tax compliance is increasingly linked to digital transaction records and disciplined data capture.

Sources: Ministry of Small and Medium Enterprise Development (2023); Bank of Zambia and Zambia Statistics Agency (n.d.); Zambia Statistics Agency (2026); Zambia Revenue Authority (2025); Zambia Information and Communications Technology Authority (2026).

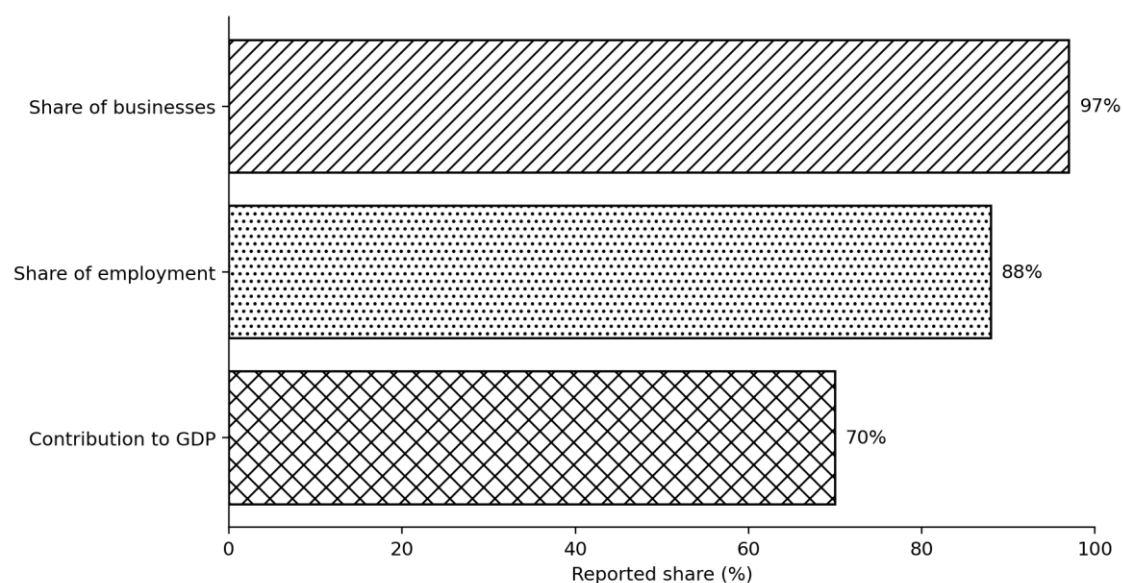


Figure 1. Reported economic importance of MSMEs in Zambia.

Source: Ministry of Small and Medium Enterprise Development (2023). The percentages refer to different economic measures and should not be summed.

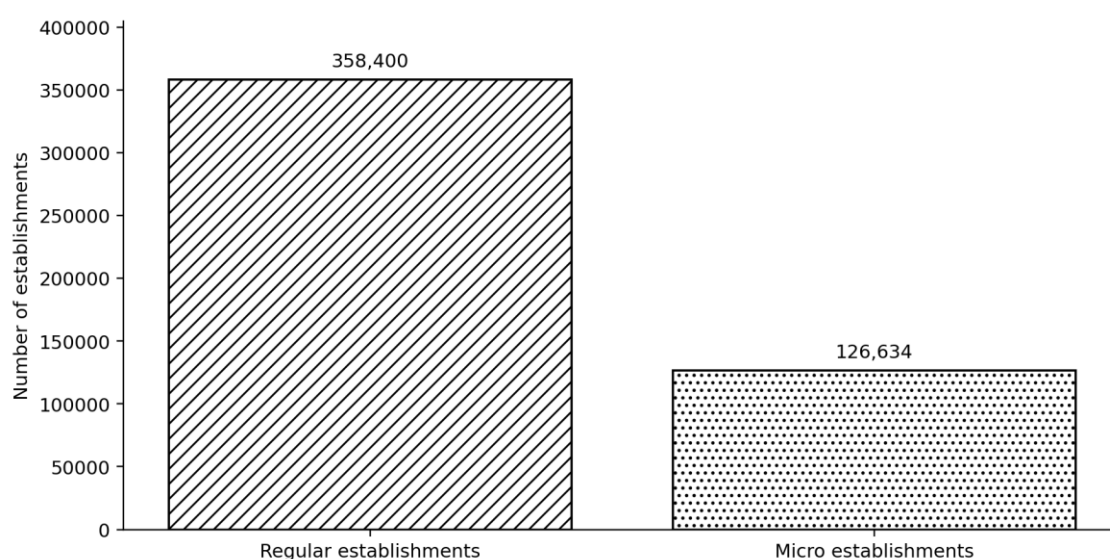


Figure 2. Distribution of economic establishments in Zambia, 2025.

Source: Zambia Statistics Agency (2026). The Economic Establishment Census identified 358,400 regular establishments and 126,634 micro establishments, for a total of 485,034 active establishments.

Problem statement, gap and purpose

The accounting problem facing many retail SMEs is not the absence of transactions; it is the absence of a dependable system for turning those transactions into timely information. Sales may be recorded without a matching update to stock. Expenses may be paid from cash

takings without classification. Mobile money balances may not be reconciled with sales. Owner withdrawals may be mixed with operating expenses. Supplier credit may be remembered informally. When these practices persist, managers can struggle to answer basic questions about profit, product margins, cash position, tax exposure and the amount of working capital tied up in inventory.

Digital accounting systems are often presented as a solution to these weaknesses, but the literature shows that technology adoption and performance should not be treated as the same event. A firm may purchase software but continue to enter incomplete data, fail to reconcile accounts, share passwords, ignore generated reports or abandon the application when staff change. Conversely, a modest system that fits the business, is consistently used and is linked to routine management reviews may produce substantial value. The research gap is therefore not simply whether digital accounting is beneficial, but how adoption conditions, system quality, user capability and management use combine to produce performance outcomes.

Zambia-focused studies provide evidence from different sectors and locations. Kabamba et al. (2024) examine management accounting in Lusaka SMEs. Chela (2025) considers retail management information systems in Lusaka. Kashipe and Kapotwe (2026) investigate adoption barriers for automated billing technologies in Lusaka ICT-sector SMEs. Mvula and Hapompwe (2025) examine growth constraints in Chipata. These studies inform the local context but do not measure a single effect of digital accounting on Chipata retail performance.

Purpose and objectives

The purpose of the article is to examine how the adoption and effective use of digital accounting systems can influence the performance of retail SMEs in Zambia, with specific implications for Chipata. The article pursues the following objectives:

1. Examine how digital accounting systems affect financial record keeping and the quality of accounting information.
2. Assess how digital accounting supports financial reporting, tax compliance and internal control.
3. Analyse the role of integrated accounting, point-of-sale and inventory tools in stock and cash management.
4. Explain how accounting information generated by digital systems can improve financial and operational decision-making.

5. Assess the pathways through which effective use of digital accounting can contribute to SME performance and access to finance.
6. Identify the technological, organisational and environmental barriers that shape adoption and effective use among retail SMEs.
7. Propose a context-sensitive framework and implementation pathway for retail SMEs in Chipata.

Research questions

1. How does effective use of digital accounting influence record accuracy, completeness, accessibility and timeliness?
2. How can digital accounting improve reporting, inventory control, cash-flow monitoring and compliance?
3. How does better accounting information affect management decisions and business performance?
4. Which technological, organisational and environmental conditions enable or constrain digital accounting adoption and sustained use?
5. What practical implementation approach is most appropriate for resource-constrained retail SMEs in Chipata?

5. MATERIALS AND METHODS

This article uses a narrative literature review and conceptual synthesis. The literature was organised around accounting-system adoption, information quality, retail operations, internal control and business outcomes. Scholarly studies, Zambia-focused dissertations and official national publications were treated as different forms of evidence. Publisher, university and institutional records were consulted to check source identity and available findings through 5 October 2026.

Recent literature from 2020 to 2026 is considered alongside foundational theory and earlier accounting-system research. The synthesis compares mechanisms and contexts rather than calculating a pooled effect. It does not claim exhaustive database searching, a registered review protocol or a PRISMA screening process. No new Chipata questionnaires, interviews or performance measurements form part of this article. National policy estimates and published findings retain their original settings and dates.

6. RESULTS AND DISCUSSION

Conceptualising digital accounting systems in retail SMEs

Digital accounting is broader than replacing a paper ledger with a computer. It refers to the use of digital technologies to capture, process, store, reconcile, analyse and report financial information. The system may be a standalone desktop package, a cloud application, a mobile bookkeeping tool, a point-of-sale platform with accounting functions, or an integrated set of applications. What makes the process digital is not the brand of software but the structured electronic flow of financial data from transaction capture to reporting and decision use.

For retail SMEs, five functional layers are particularly important. The first is transaction capture, including sales, purchases, receipts, payments and expenses. The second is classification and processing, where the system posts transactions to accounts, calculates balances and applies tax rules. The third is control, including user permissions, sequential documents, exception reports, backups and reconciliations. The fourth is integration, where sales data connect to inventory, bank accounts, mobile money, supplier balances or electronic invoicing. The fifth is reporting and analysis, where owners receive income statements, cash summaries, ageing reports, stock reports, margins, budgets and other decision information.

These layers distinguish digital accounting from simple digitisation. A business that photographs receipts but never records them in a structured system has digitised documents, not necessarily accounting. Similarly, receiving mobile money does not by itself create a digital accounting system if transactions are not reconciled to sales and recorded in accounts. Performance benefits are more likely when digital payments, sales, stock and accounting records are connected through consistent business processes.

Forms of digital accounting relevant to Zambian retail SMEs

Desktop accounting software: locally installed packages suitable for businesses that need core bookkeeping and can operate with limited internet connectivity.

Cloud accounting: subscription-based systems accessible through internet-connected devices and capable of remote collaboration, automatic updates and off-site data storage.

Point-of-sale and inventory systems: tools that capture sales at the point of transaction and can update product quantities, prices and sales reports automatically.

Mobile bookkeeping applications: simplified systems designed for smartphones and smaller firms with limited hardware.

Electronic invoicing and tax-compliance tools: systems that generate structured invoices and connect transaction data to statutory reporting requirements.

Integrated payment and banking feeds: connections that simplify reconciliation of bank, card or mobile-money transactions with accounting records.

Digital accounting and the mechanisms of SME performance

Record keeping and accounting-information quality

Financial record keeping is the foundation of accounting-system value. Manual systems are vulnerable to missing receipts, inconsistent classification, arithmetic errors, duplication and delayed posting. Digital systems can reduce some of these weaknesses by standardising transaction entry, automating calculations and preserving searchable histories. Yet automation does not guarantee accuracy. A system can process an incorrect amount perfectly. The managerial benefit therefore comes from combining automated processing with data-entry controls, reconciliations and user accountability.

The literature consistently identifies information quality as an important link between technology and decision value. Al-Hattami and Almaqtari (2023) find that system quality, information quality, perceived usefulness, ease of use and user satisfaction are important to continued use of digital accounting systems in SMEs. Putri et al. (2025) similarly report that cloud accounting adoption can improve financial-report quality, while recent research on accounting technology emphasises the role of organisational competencies in converting digital tools into reliable accounting information (Dinanti, Januarti, & Handayani, 2026). For a retail SME, the practical implication is that the value of digital accounting depends on whether the information produced is accurate, complete, relevant and available when decisions are made.

Financial reporting, transparency and compliance

Digital systems can shorten the reporting cycle because statements are generated from recorded transactions rather than reconstructed manually at month-end. This enables owners to compare sales with cost of sales, review expenses, monitor receivables and payables, and identify unusual movements. More frequent reporting also supports management discipline. A monthly profit report that is available within days is more actionable than one prepared several months later only for tax or loan purposes.

In Zambia, the link between accounting and digital compliance has become more visible through Smart Invoice. Zambia Revenue Authority (2025) describes Smart Invoice as a software-based electronic invoicing solution that transmits invoice data and supports stock data, with stated benefits including reduced accounting errors, faster invoice processing,

improved compliance and stock management. This does not mean that every digital accounting package automatically satisfies all tax requirements. It does mean that SMEs increasingly benefit from choosing systems and processes that can support compliant invoices, clean sales records and reliable reconciliations.

Reliable financial statements, reconciliations and transaction histories can improve the information available to lenders and suppliers. Their value depends on underlying records and controls. Digital accounting may therefore improve finance readiness, while financing decisions still depend on business viability, lender criteria and verification.

Inventory management and gross-margin protection

Inventory is often the largest short-term asset in a retail business and a major source of hidden loss. Overstocking ties up cash, stock-outs lose sales, shrinkage reduces margins and expired or obsolete stock destroys value. Manual inventory records are especially difficult to maintain where transaction volumes are high or products have many variants. When a point-of-sale system is integrated with accounting and inventory records, each sale can reduce the recorded stock balance and create a transaction history that supports reorder decisions and variance checks.

The important performance mechanism is visibility. A digital system can show which products move quickly, which items remain unsold, which categories produce the strongest gross margins and where physical counts differ from book stock. Chela (2025) reports that inventory-management and point-of-sale tools were among the management information systems associated with improved operational efficiency and financial management in Zambian retail SMEs. The benefit is strongest when digital stock reports are supported by physical counts, controlled access to stores and investigation of differences. Technology assists inventory control, but it does not replace it.

Cash-flow management and cost control

SMEs frequently fail because of cash pressure even when sales appear healthy. Digital accounting can improve cash management by separating sales from collections, monitoring supplier obligations, identifying overdue receivables and showing the timing of major expenses. Integration with banking or digital-payment records can reduce the gap between cash movement and accounting records. Simple cash-flow forecasts generated from historical and expected transactions can also help owners anticipate shortages rather than react after payments are due.

Cost control improves when expenses are classified consistently and compared across periods. Repeated small expenditures can become visible when aggregated, while budget-to-actual comparisons can identify overspending early. Kabamba et al. (2024) find that Zambian SMEs use management-accounting practices such as budgeting and decision-support tools, although implementation is uneven. Digital accounting can make such practices less time-consuming by providing the underlying data. The key point is that software does not create cost discipline by itself. Management must define budgets, review reports and act on variances.

Decision-making effectiveness

The strongest argument for digital accounting is not faster bookkeeping but better decisions. Retail owners make recurring decisions about selling price, product mix, purchasing quantity, supplier choice, credit, staffing, discounts, borrowing and expansion. These decisions are improved when the owner can distinguish revenue from profit, identify contribution by product category, estimate cash requirements and compare performance across periods.

Al-Hattami (2024) provides empirical evidence from SMEs in a less developed country that accounting-information-system success is positively related to decision-making effectiveness. This finding is consistent with the updated DeLone and McLean (2003) information-systems success model, in which system quality and information quality shape use, satisfaction and net benefits. Applied to retail SMEs, the logic is straightforward: a reliable system produces useful information; useful information is actually used; and management use improves the quality and speed of decisions. Poor data, unused reports or low user trust break this chain.

From operational improvements to financial performance

Performance effects can occur through several channels rather than through a single direct relationship. Better records reduce correction time and information loss. Faster reporting can improve cost control. Inventory visibility can reduce stock-outs and slow-moving stock. Better cash information can reduce emergency borrowing and missed supplier payments. Stronger audit trails can reduce opportunities for error and fraud. Better management information can improve pricing and purchasing. Over time, these mechanisms can contribute to higher margins, lower operating waste, better working-capital turnover and stronger resilience.

Urquía Grande et al. (2011) report associations between accounting-information-system use for fiscal and bank management and some performance measures in Spanish SMEs. This is

not evidence of a uniform productivity gain or a causal effect in Zambia. More recent research emphasises accounting-system quality, digital use and organisational capability (Al-Hattami, 2024; Putri et al., 2025; Dinanti et al., 2026). The proposed Chipata pathways therefore require local testing.

Adoption and effective-use barriers

The main barriers to digital accounting can be grouped into technological, organisational and environmental constraints. This classification is useful because it shifts attention from the technology alone to the business system around it.

Cost and resource constraints

For a small retailer, the relevant cost is the total cost of ownership rather than the advertised software price. Hardware, subscriptions, setup, data migration, training, printers, barcode equipment, support, internet bundles, backup devices and staff time can all matter. Kashipe and Kapotwe (2026) identified the high cost of digital tools as the most frequently reported barrier in their study of SMEs adopting automated billing technologies in Lusaka. This reinforces the need for scalable systems that can start with essential functions and expand as the business grows.

Digital and accounting skills

An SME can have strong software but weak accounting practice. Users need to understand basic transaction classification, inventory procedures, reconciliation and report interpretation in addition to knowing where to click. Digital training should therefore combine system skills with financial-management skills. The goal is not to turn every owner into an accountant, but to ensure that users understand the meaning of the data they enter and the reports they receive.

Connectivity, electricity and technical support

Cloud systems depend on stable connectivity, while all digital systems depend on device and power availability. In areas where outages or weak networks remain part of the operating environment, SMEs need practical continuity measures such as offline transaction procedures, battery or power-backup options, local exports, scheduled synchronisation and clearly assigned responsibility for restoring records. System choice should reflect actual infrastructure conditions rather than assuming permanent connectivity.

Cybersecurity, privacy and internal control

Moving records from paper to digital form changes the risk profile rather than eliminating risk. Password sharing, phishing, malware, device theft, unauthorised edits, weak backups and excessive user permissions can compromise records. Retail SMEs should apply proportionate controls: unique user accounts, strong authentication, role-based permissions, regular backups, device updates, restricted administrator rights and periodic review of audit logs where available. Sensitive customer, employee and business information should be handled consistently with applicable data-protection requirements.

Resistance to change and discontinuance

Initial adoption may fail when staff perceive the system as extra work, when management continues to request parallel manual records indefinitely, or when early data errors reduce confidence. Continuance matters because benefits accumulate only when records remain complete across periods. Al-Hattami and Almaqtari (2023) show that perceived usefulness, ease of use, system quality, information quality and satisfaction are important predictors of continued digital-accounting use. Implementation should therefore focus on user experience, visible early benefits and management routines that make the system the normal source of financial information.

Theoretical framework

Technology-Organization-Environment framework

The TOE framework, developed by Tornatzky and Fleischer (1990), explains organisational technology adoption through three contexts. The technological context concerns the characteristics and availability of technologies, including relative advantage, compatibility, complexity, reliability and security. The organisational context concerns resources, skills, management support, structure and routines. The environmental context concerns external pressures and supports such as competition, regulation, customer expectations, service providers and infrastructure.

TOE is well suited to retail SMEs because adoption decisions are rarely explained by one variable. An owner may see clear benefits in digital accounting but lack staff skills. A firm may have the skills but face recurring connectivity problems. A system may be affordable but incompatible with tax, inventory or payment processes. Recent cloud-accounting studies continue to find that organisational readiness, infrastructure, compatibility, management support and external pressures shape adoption (Mujalli et al., 2024; Putri et al., 2025).

Zambian evidence on automated billing similarly supports the relevance of cost, skills and connectivity (Kashipe & Kapotwe, 2026).

Information-systems success and value creation

TOE explains whether and under what conditions an SME adopts technology, but it does not fully explain whether the adopted system creates value. For this second stage, the DeLone and McLean (2003) information-systems success model is useful. It focuses on system quality, information quality, service quality, use, user satisfaction and net benefits. In accounting, this distinction is critical because adoption can occur without reliable data or meaningful management use.

Combining the two perspectives creates an adoption-to-performance logic. Technology, organisation and environment shape adoption and effective use. System quality and information quality then influence trust, satisfaction and the depth of use. Effective use improves accounting information, internal control and operational visibility. These mechanisms influence decisions and efficiency, which in turn shape performance. This integrated explanation also accommodates the possibility that poorly implemented technology creates little benefit even after adoption.

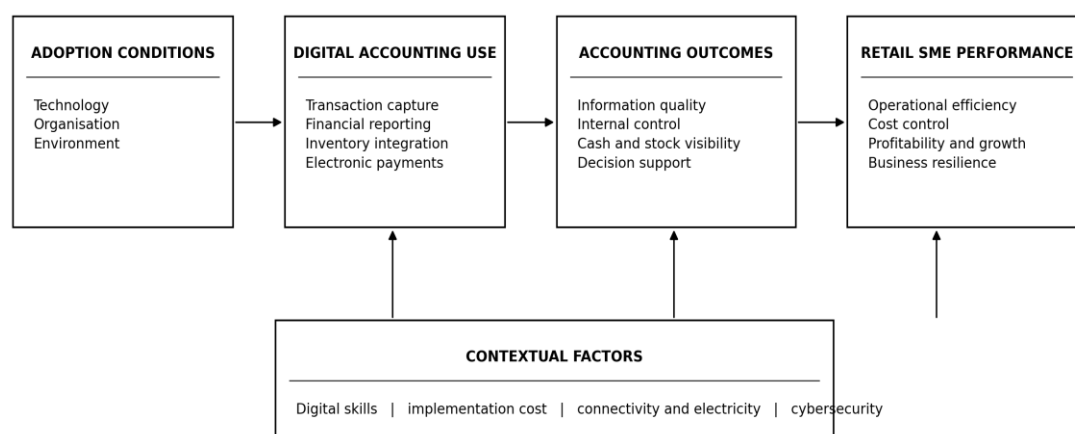


Figure 3. Integrated framework linking digital-accounting adoption to retail SME performance.

Source: based on Tornatzky and Fleischer (1990), DeLone and McLean (2003), Al-Hattami (2024), Al-Hattami and Almaqtari (2023), Mujalli et al. (2024) and Putri et al. (2025).

Propositions derived from the framework

Table 2. Propositions for future empirical testing. These are conceptual statements, not tested hypotheses in this review.

Proposition	Statement
P1	Effective use of digital accounting systems is positively associated with the accuracy, completeness, accessibility and timeliness of accounting records.
P2	Accounting-information quality is positively associated with financial and operational decision-making effectiveness.
P3	Integration of sales, inventory and accounting data is positively associated with inventory visibility, cash control and operating efficiency.
P4	Internal-control quality strengthens the relationship between digital-accounting use and reliable financial information.
P5	Effective digital-accounting use is positively associated with retail SME performance through improved information, control and decision mechanisms.
P6	Technological readiness, organisational capability and environmental support influence both adoption and the strength of performance benefits.

A staged digital-accounting pathway for retail SMEs

A staged approach can reduce implementation risk by allowing SMEs to build capability before increasing complexity. The proposed pathway below is not a software recommendation. It is a management sequence that can be implemented with different technologies depending on business size, affordability and infrastructure.

Table 3. Proposed implementation pathway for retail SMEs.

Stage	Primary objective	Core practices	Evidence of progress
1. Control the basics	Create a complete digital transaction record.	Record daily sales, purchases, expenses and owner drawings; define user accounts; use standard product and account names; back up data.	Daily records are complete; cash and mobile-money balances reconcile; missing documents decline.
2. Integrate retail operations	Connect sales, inventory and payment information.	Use POS or structured sales capture; update stock from sales and purchases; reconcile bank and electronic payments; align invoicing with tax requirements.	Stock reports broadly agree with physical counts; fewer unexplained cash differences; faster invoice retrieval.

Stage	Primary objective	Core practices	Evidence of progress
3. Manage with reports	Turn data into routine management information.	Review profit, expenses, margins, stock ageing, payables and cash flow; set reorder levels; compare actual results with budgets or targets.	Reports are produced on schedule and discussed; purchasing and pricing decisions are supported by data.
4. Strengthen and scale	Use accounting information for growth, finance and resilience.	Improve controls and permissions; automate backups; document procedures; prepare lender-ready statements; analyse product and branch performance where relevant.	Management decisions are traceable to reports; controls survive staff changes; financial information is credible to external users.

Minimum control checklist

Use a separate business cash, bank or mobile-money process where practicable and reconcile it regularly.

Assign individual user accounts rather than sharing one password across all staff.

Limit permissions so that staff only access functions needed for their roles.

Back up data on a defined schedule and test that backups can be restored.

Perform periodic physical stock counts and investigate differences from system quantities.

Review exception items such as negative stock, voided sales, unusual discounts and manual journal entries.

Close accounting periods after review to reduce unauthorised changes to historical records.

Keep evidence for key transactions, including supplier invoices, receipts and payment confirmations.

Review at least a small management pack each month: sales, gross profit, expenses, cash position, stock and major liabilities.

Implications for policy and professional practice

SME owners and managers

SME owners should select systems based on business problems rather than brand popularity.

A retailer struggling with stock losses needs strong inventory functionality. A business with many credit customers needs receivables control. A business operating from several locations may need cloud access and centralised reporting. Before implementation, the owner should define which decisions need better information and which processes will change. This reduces the risk of paying for functions that staff do not use.

Government and enterprise-support institutions

Digitalisation support should combine technology access with capability building. Training that only demonstrates software screens is unlikely to produce sustained business value. Programmes should include bookkeeping principles, internal control, report interpretation, cybersecurity and continuity planning. Where grants or financing support software acquisition, institutions can encourage scalable solutions and require basic implementation plans rather than focusing only on purchase.

Zambia Revenue Authority and compliance support

Electronic invoicing increases the need for SMEs to understand the relationship between sales records, stock records and tax reporting. Continued taxpayer education, clear technical guidance and accessible support can reduce the compliance burden on smaller firms. Software providers serving SMEs should also communicate clearly which statutory functions their products support and which obligations still require separate procedures.

Financial institutions

Banks and other lenders can benefit when SMEs maintain reliable digital records because transaction histories and financial statements improve the information available for credit assessment. Financial institutions can encourage this transition through bookkeeping support, digital transaction integration and financing products that recognise verifiable business cash flows. Digital records should complement, not replace, sound credit assessment because system data are only as reliable as the underlying controls and business practices.

Accounting professionals and software providers

Accountants serving SMEs have an opportunity to shift from periodic compliance work toward ongoing management support. This can include system setup, chart-of-accounts design, reconciliation reviews, management reporting and training. Software providers should prioritise usability, local support, data export, backup, security, transparent pricing and compatibility with the payment and compliance processes that Zambian SMEs actually use.

Limitations of the review

This article has three main limitations. First, it is literature-based and does not provide new primary evidence from retail SMEs in Chipata. Conclusions about local effects are therefore propositions grounded in the literature and Zambian context rather than estimates from a Chipata survey. Second, the evidence base includes studies from different countries, sectors

and technologies, so findings should be transferred with care. Third, digital accounting evolves rapidly; system features, pricing, connectivity and regulatory requirements can change faster than academic publication cycles. These limitations reinforce the need for local empirical research while still allowing the current synthesis to clarify mechanisms and practical priorities.

Recommendations

1. Retail SMEs should adopt digital accounting in stages, beginning with complete transaction capture, reconciliation and secure backup before adding advanced analytics or extensive integration.
2. SME owners should choose systems that fit transaction volume, inventory complexity, tax needs, connectivity conditions and staff capability rather than selecting solely on price or popularity.
3. Every implementation should include basic accounting, report-interpretation and cybersecurity training, not software training alone.
4. Government and enterprise-support institutions should pair digitalisation initiatives with capacity building and practical support for implementation, continuity and internal control.
5. Accounting professionals should provide affordable setup, review and management-reporting services that help SMEs use digital records for decisions, not only year-end compliance.
6. Financial institutions should explore responsible ways to use verifiable digital business records to strengthen SME credit assessment while maintaining appropriate validation and risk controls.
7. Software providers serving Zambia should prioritise transparent pricing, data portability, offline or low-bandwidth resilience where feasible, strong backups, user permissions and compatibility with local invoicing and payment practices.
8. Future research in Chipata should use primary data and distinguish digital-accounting adoption, effective use, information quality and business performance as separate constructs.

7. CONCLUSION

Digital accounting systems can improve the performance of retail SMEs when they convert everyday transactions into reliable information that managers actually use. The main benefits are not confined to bookkeeping. Effective systems can strengthen record accuracy, reporting timeliness, inventory visibility, cash control, tax compliance, internal control and decision-

making. Through these mechanisms, digital accounting can contribute to lower operating waste, better working-capital management, stronger margins, improved resilience and greater readiness for external finance.

The evidence also shows why technology adoption should not be treated as a guarantee of performance. Costs, staff capability, management support, system fit, infrastructure, data quality and cybersecurity shape both adoption and the value obtained after adoption. This is especially important for SMEs in Chipata, where resource constraints and technology gaps coexist with growing digital opportunities. A simple, well-controlled system that is embedded in business routines can be more valuable than a sophisticated platform that is poorly implemented.

The central implication is therefore managerial: digital accounting should be treated as a business capability. Software is the technical component, but value is created through people, processes, controls and decisions. SMEs, policymakers, financial institutions, accountants and technology providers can accelerate the benefits of digitalisation by focusing on these complementary capabilities. For research, the next priority is a rigorous empirical study in Chipata that measures the depth of digital-accounting use, information quality and operational mechanisms alongside objective and perceived performance outcomes.

8. ACKNOWLEDGEMENTS

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