

**ACCOUNTING INFORMATION SYSTEMS AND FINANCIAL
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KIRINYAGA
COUNTY, KENYA**

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DECLARATION

The project is my original work and it has not been presented to any other institutions for the award of degree. No part of this research should be reproduced without my consent or that of Kenyatta University.

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The project was done and submitted under my supervision as the university appointed supervisor.

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DEDICATION

This project is dedicated to my parents for their unwavering support in every way.

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OPERATIONAL DEFINITION OF TERMS

Access control system: This is a form of security that monitors and regulates who and what has access to a system, environment, or facility. Based on the authenticity of their credentials, it identifies entities with access to a regulated device or facility.

Accounting Information Systems Data Quality: This is an information system that guarantees data is gathered, saved, elaborated, retrieved, and transferred in order to offer services for business operations in the firm.

Accounting Information Systems Records: is a group of systems that maintain track of a company's money and other assets by recording transactions in journals and ledgers or computer files.

Accounting Information Systems Service Quality: This is a decision-supporting information system that employs a variety of research methods to systematically gather, organize, and distribute service-quality data.

Accounting Information Systems: A business's financial data is collected, stored, managed, processed, retrieved, and reported using this framework.

Accounting Information Systems Quality: is an integration of quality brainware, software, telecommunication network, hardware, data base, and quality of work and user satisfaction.

Financial Performance: Firm's ability to generate returns on firm assets and investments. ROA will be used in assessing financial performance.

Micro and small and medium enterprises: These are companies in the official and informal sectors that employ 1 to 50 people and are divided into farm and non-farm categories.

Sales Turnover: The entire amount of money received by a firm from the sale of products or services over a given period of time.

Small and Medium Enterprise: Micro classification is for businesses with 1 to 10 workers, Small is the classification of businesses with 11 to 50 people and medium classification of businesses with 51 to 100 staff.

Technology adoption may be defined as at least one user's acceptance of a new idea or invention.

Youth: All persons who have reached the age of 18 but have not yet reached the age of 35 are considered youths.

ABBREVIATIONS AND ACRONYMS

AIS	Accounting Information Systems
ANOVA	Analysis of variance
CAS	Computerized Accounting Systems
CAS	Computerized Accounting Systems
CFOS	Chief Financial Officers
IT	Information Technology
MSMEs	Micro- Small and Medium Enterprises
NACOSTI	National Commission for Science, Technology & Innovation
OLS	Ordinary Least Squares
ROI	Return on investment
SMEs	Small and medium-sized enterprises
SMES:	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
TAM	Technology Acceptance Model
US	United States of America
VIF	Variance Inflation Factors

ABSTRACT

Maintaining solid accounting records is a significant component that contributes to appropriate decision-making because it is the source of essential informational requirements. Indeed, in the SME sector, the quality of accounting information used has a favorable link with an entity's success. In small and medium businesses, information and technology adoption is slow and has also harmed SMEs in Kirinyaga County and Kenya. The issue of poor accounting system acceptance can be linked to the initial goal of adopting information technology, which was primarily aimed to substitute the manual accounting processes, which has since hampered future use and investigation of the systems' benefits. This study sought to determine how accounting information systems, influence the financial performance of SMEs. Precisely the research sought to evaluate the influence of accounting information systems records, accounting information systems service quality, accounting information systems data quality and accounting systems quality on the SMEs financial performance in Kirinyaga County Kenya. The findings of this study helped SMEs improve their financial reporting and record-keeping which will benefit management in monitoring, planning on decision making ensuring their survival in the business sector. The population of interest comprised of 1420 owners and managers which were registered with Ministry of Trade in Kirinyaga County. The descriptive research technique was used for this study. The population of interest comprised of 1,420 owners and managers which were registered with Ministry of Trade in Kirinyaga. Stratified sampling through the use of Yamane's formula was applied. Primary data was used for this study and was obtained using a questionnaire which was quantitative in nature and thus close-ended questions was used. Quantitative data analysis using descriptive statistics was adopted. Additionally a multiple regression and Pearson correlation analysis was used. The accounting information systems records had a significant positive effect on financial performance of SMEs in Kirinyaga County, Kenya. This indicates that improving the way SMEs store and prepare their buy and sales ledgers helps enhance their financial performance. This indicates that financial success has a very strong positive relationship with competent bookkeeping. The results on accounting information systems service quality indicates that the variable had a positive and significant effect on financial performance. The results on accounting information systems data quality indicated that the variable had a positive and significant effect on financial performance. The accounting information systems quality had a positive significant effect on financial performance. The SMEs have made significant investments in accounting information system quality in order to improve their day-to-day operations. But to majority of the SMEs such an investment does not produce the intended results due to system failure, system error, and the generation of incorrect data, all of which impact decision-making processes. Relevance, correctness, understandability, and dependability of the accounting information systems quality were evaluated with performance, based on the premise that there is a link between accounting information quality and small and medium company performance.

CHAPTER ONE

INTRODUCTION

1.1 Background the Study

For small and medium Enterprises (SMEs) to expand, remain competitive, and thrive, they must be managed efficiently and successfully. Accounting information systems provide crucial information. As a result, one among the most important components of the pre-decisive is the processing of accounting data (Nguyen, Tham, Khatibi, & Azam, 2019). As such, AIS is a method used by management and other parties such as investors and creditors as well as fiscal authorities to gather, store and process financial and accounting data (Downing & Langli, 2019).

Globally Chenhall (2016) study in the United States on role of accounting information systems on SMEs institutions showed that the appropriate design of AIS supports business strategies in ways that increasing the SMEs performance. According to Blili and Raymond (2013), AIS investment adoption will be the leverage for developing a stronger, more adaptable company culture in the face of constant environmental change. Innovation is the catalyst for a virtuous loop to emerge, leading to improved company performance and a decrease in financial barriers. Grabski (2016) discovered that the features of accounting information had a substantial impact on the performance of SMEs in South Africa. One of the most important success elements in achieving accounting and financial goals is the use of AIS. In Kenya, it has been highlighted that AIS development has broadened the area of operation for SMEs, allowing them to save time in interacting with banks and general management, resulting in lower operating expenses (Mwobobia, 2012).

1.1.1 Accounting Information Systems

In principle, increasing investment in information technology should result in significant long-term advantages for a business as a whole. This is mostly due to improved processing capacity, more prompt report creation, and a general decrease in associated operational expenses. Because biases are minimized, the requirement to eliminate direct human contact in record keeping and reporting Enhances the authenticity and trustworthiness of the reports produced for decision making. There is little evidence in the literature about the linkage between AIS and performance metrics (Ahmad, & Al-Shbiel, 2019). There are, however, studies that suggest a favorable link between AIS alignment and SME strategy and performance indicators.

Small businesses evaluate their success in terms of "efficacy" in accomplishing their mission, purpose, or objectives (Musah, Gakpetor, & Pooma, 2018). Most SMEs, for example, would prefer to associate organizational performance with the outcomes of their specific initiatives aimed at improving the lives of a target population (e.g. the poor). At the same time, the majority of companies evaluate their success in terms of "efficiency" in resource deployment. This has to do with making the best use of resources to accomplish the desired targets. Finally, an organization must be both "financially sustainable" and "relevant" to its stakeholders and their changing requirements in order to stay viable over time (Wanjohi, 2018).

The study will cover four accounting information systems that include accounting information systems records, accounting information systems service

quality, accounting information systems data quality and accounting information systems quality.

1.1.2 Performance of Small and Medium Enterprises

For Buonomo, Benevene, Barbieri, and Cortini, (2020) the level of achievement of a work mission as measured by the output of work, intangible assets, service quality, and customer connection is referred to as an organization's performance. According to Norton and Kaplan (2001), an organization's performance is its ability to successfully achieve its goals by utilizing available physical and human resources. This justification explains why companies should be guided by objective performance standards when evaluating employee performance based on their job. This is also critical in assessing an organization's progress toward its objectives, as well as in developing plans to improve the firm's future performance (Akhtar, & Sushil, 2018). The terms efficiency and effectiveness are used to describe organizational performance. To have a high organizational performance, a business organization must provide the correct products and services while utilizing the fewest feasible inputs (Yongmei, 2017).

Kenya's economic growth potential is partially based on the private sector, particularly MSMEs, which play a major and essential role in this. While Kenya's small and medium companies (SMEs) continue to provide employment and contribute to the country's GDP, they confront a slew of obstacles to their expansion. Kenya's overall GDP growth for 2017 is expected to be 6.4 percent, with SMEs accounting for 3 percent of it. According to the Central Bank of Kenya's (CBK) latest National Economic Survey report, SMEs account for 98 percent of all businesses in Kenya, create 30 percent of employment yearly, and contribute 3% of GDP. According to the 2019 study, the informal sector, which is

dominated by SMEs, accounted for 80% of the 800,000 employment generated in the year (CBK, 2018).

In addition, SMEs are hampered by insufficient funding, restricted market access, poor infrastructure, inadequate knowledge and skills, and fast technological developments, according to a research by Deloitte Kenya Economic Outlook 2(016). Other barriers for this important economic component include corruption and poor regulatory regimes. A survey of about 400,000 micro, small, and medium-sized enterprises do not survive their second year, according to the National Bureau for Statistics in Kenya in the beginning of 2017. Few people live to be five years old, raising worries about the sector's long-term viability (KNBS, 2018). The challenges of COVID-19 pandemic have hurt the SMES in Kenya as the economy has been hurt by the COVID-19 pandemic. In 2020, GDP growth decelerated to 1.4% from 5.4% in 2019 (KNBS, 2020).

1.2 Problem Statement

In both domestic and global markets, SMEs are the driving force behind development, job creation, and competitiveness (Alnajjar, 2017). However, according to KNBS report 2016, 60 percent of SMEs in Kenya during the first several months of operation will fail (Musah, 2017). Sluggish acceptance of information and has harmed SMEs in Kirinyaga County and Kenya. This been facilitated by various causes, for instance, high rates illiteracy, lack of awareness, some entrepreneurs want to remain complacent (Wambui, 2018). One of the most significant barriers to SMEs acquiring financing is their inability to provide financial statements that are true, accurate, and compliant with financial standards. There is a reduced confidence in lending to SMEs, that affect the availability of credit for given their

higher levels of vulnerability as they are perceived as being high risk as a result of not maintaining proper accounts (KEPSA Survey Report, 2020). Accounting information systems are critical to persuade capital owners in equity investments of every firm unit and thus they are critical for SMEs to ensure that they can obtain credit (Musah, 2017).

Maintaining sound accounting records is an important component that contributes to effective decision-making because it is the source of pertinent informational requirements. Because majority of small businesses are operated by their proprietors, they may be deficient of the necessary accounting and financial management skills. Indeed, previous study has found a link between the quality of accounting information embraced in the SME sector and an entity's success (Lybaert, 2018), apart from accounting information systems, there are additional elements that impact the success of SMEs. A variety of issues have been blamed for SMEs' poor performance, one of which is inefficient booking and accounting processes (Agburu, Anza, & Iyortsuun, 2017). As a result, the majority of SMEs practice poor financial management (Muchira, 2018). The degree of business management training, particularly in financial record keeping, is strongly linked to corporate success (Mutua, 2020). According to Mauldin and Ruchala (2018), the problem of poor accounting system adoption can be traced back to the original purpose of IT adoption, which was to replace manual accounting processes, but which has now inhibited future use and exploration of the systems' merits. The studies mentioned above were conducted in many contexts, particularly in the global environment, and in the general business context, emphasizing the importance of bridging the gap by focusing on SMEs in Kirinyaga County.

In Kenya, just a little amount of study has been done on accounting information systems used by SME. Al-Emran, Mezhujev, Kamaludin, and Shaalan (2018) investigated the influence of accounting information systems in the automobile sector and discovered the majority of businesses develop systems to aid decision-making, communication, and knowledge. Otieno, Nyikal, and Makokha (2019) identified a strong link between computerized accounting systems and audit risk in public businesses in a study on the influence of computerized accounting systems on audit risk but there is a gap because the study did not focus on SMEs performance. There have been no studies on small and medium businesses throughout the spectrum of industries so far. As a result, this study sought to fill in the gaps left by prior research by determining effect of accounting information systems on financial performance of small and medium enterprises in Kirinyaga County, Kenya.

1.3 Research Objective

To investigate the effect of accounting information systems on financial performance of SMEs in Kirinyaga County Kenya.

1.3.1 Specific Objectives

- i. To evaluate the effect of accounting information systems records on the SMEs financial performance in Kirinyaga County Kenya.
- ii. To establish the effect of accounting information systems service quality on the SMEs financial performance in Kirinyaga County Kenya.
- iii. To assess the effect of accounting information systems data quality on the SMEs financial performance in Kirinyaga County Kenya.

- iv. To determine of accounting systems quality on the SMEs financial performance in Kirinyaga County, Kenya.

1.4 Research Hypothesis

H₀₁: There is no significant effect between accounting records and SMEs financial performance in Kirinyaga County Kenya.

H₀₂: There is no significant effect between accounting knowledge and SMEs financial performance in Kirinyaga County Kenya.

H₀₃: There is no significant effect between accounting information systems and SMEs financial performance in Kirinyaga County Kenya.

H₀₄: There is no significant effect between accounting systems and SMEs financial performance in Kirinyaga County Kenya.

1.5 Significance of the Study

The findings of this study will assist SMEs in their attempts to improve record keeping and financial reporting, which will benefit management in analyzing, budgeting, and making decisions, ensuring their sustainability in the business sector. This research will help us better understand how small firms operate and improve performance for shareholders and investors. Furthermore, the research study will aid better SMEs management by enhancing financial forecasts indulgence, which would stimulate firm growth and expansion.

The exploration will be beneficial in establishing policies for both government and SMEs, predominantly in terms of increasing policy contemplation for the sector. The outcomes of the study might pave the way for more research into accounting information systems in

SMEs and other industries. The report might help regulators and tax authorities formulate strategies targeted at strengthening SMEs' regulation and the tax code.

The study will expand on the findings of other academics. The research will also assist to create ideas on accounting and adoption systems that address defects. A model that illustrates how accounting information systems may effect performance will be used to explain the adoption of accounting systems and SMEs strategy.

1.6 Scope of the Study

This study confines its course in analyzing the effect of accounting information systems, on financial performance of small and medium enterprise, with a special focus on registered SMEs in Kirinyaga County Kenya. The population of interest comprised of 1420 owners and managers which are registered with Ministry of Trade in Kirinyaga County. Kirinyaga County was chosen due to the emergence of many SMEs and the county government's increased budgetary commitment to increasing the number of markets available to small-scale traders, necessitating the need to determine whether accounting information systems have an impact on SMEs' financial performance in Kirinyaga County. The study was undertaken from May 2021 to August 2021. Kirinyaga County was chosen since SMEs have also been affected by sluggish acceptance of information and technology in small and medium enterprises. This been facilitated by various causes, for instance, high rates illiteracy, lack of awareness, some entrepreneurs want to remain complacent as at the year 2017.

1.7 Limitations of the Study

The study encountered a barrier for data collection from secondary sources because not all small and medium-sized companies have computerized accounting systems. Research and collaboration with relevant stakeholders in the SME industry solved the restriction. The research expected that apathy or unwillingness by SME managers or their assistants essential or correct information was an important constraint to the study to disclose. Nonetheless, the respondents were convinced that the information they supplied was used solely for scholarly purposes. The researcher found difficult to secure precious time for the respondents, taking into account their hectic work schedules. The researcher made proper arrangements with all the participants on time. However, in the event that this constraint was seen to be a major hurdle to the study increased the time of data collection.

1.8 Organization of the Study

This research consists of five chapters. The first chapter presents the study, the problem statement, the study's objectives and also describes the matter to be explored. Furthermore, the opening chapter describes the importance of the research, its constraints and how it will be structured. The second chapter provides a literature assessment of the many elements related to the effects on the image of tourist destination of promotional mix techniques. The third chapter describes the methods used to gather and analyze data, discuss the target demographic, the population to be sampled and, ultimately, the data collection instruments. Chapter four presents the study results and interpretation. Chapter five presents the summary of the study results, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Researchers in relevant fields provide data and statistics in this chapter. The investigation examines the theoretical review, empirical review, literature review summary and conceptual framework.

2.2 Theoretical Literature Review

This section examines the ideas which exist in current literature to explain the studied phenomena. The study was driven by the Theory of Resource Addiction, the Contingency Theory, the Planned Behavior Theory and the Model of Technological Acceptance (TAM) with the aim of establishing the influence that accounting systems have on small and medium-sized financial performance in Kirinyaga, Kenya.

2.2.1 Resource Based Theory

In the mid-1980s, Wernerfelt (1984) suggested this idea, and it has since evolved into a potent modern method of negotiating with the examiner. It has been attributed with resource centrality and a suggestion for stability (Kozlenkova, Samaha, & Palmatier, 2004). (2019). The theory essentially backs up the idea that the connection should be viewed as a collection of assets and dimensions that can be used to build trust and therefore gain an advantage. The asset-based view additionally structures that institutions can surface common concentrated and execution if they have significant or ambiguous productive resources.

These four characteristics of resources represent what Wernerfelt (1984) deems critical assets that, when properly organized, maintain and strengthen a company's competitive advantage and execution. The resource-based theory examines the organization from both the inside and outside. "The theory entails a thorough examination of a company's tangible and intangible assets. When thoughts and information that provide competitive points of interest are licensed, they are considered as private property, preventing others from using the knowledge and therefore creating a barrier to entry" (Visser, 2018). Identifying an organization's strengths and shortcomings makes it simpler for management to determine what is and isn't feasible. This is prepared as part of the firm's internal analysis, which aims to establish a set of strategic choices available to the organization (Groysberg, Lee, Price, & Cheng, 2018).

It also helps the firm determine which possibilities it should examine and make well-informed decisions. Strengths are the positive features of a company that may be exploited to gain a competitive advantage. They can be both tangible and intangible. Competent people resources, brand loyalty, financial resources, and effective system controls are just a few examples. A company's flaws are characteristics that prevent it from achieving its goal and vision. The shortage or absence of certain strengths might be viewed as a flaw. These flaws have a detrimental impact on an organization's accomplishment and development, but they are manageable. If the company wants to gain and keep a competitive advantage over its competitors, it should endeavor to reduce or eliminate them (Visser, 2018). In this study, sufficiency of resources will be defined as the degree to which resources are sufficient to improve the performance of small and medium businesses. The

theory will be useful in the above study because it will aid in determining how resources may be employed to set up an effective accounting information system, which would improve the financial performance of SMEs in Kirinyaga County, Kenya.

2.2.2 Contingency Theory

Lawrence and Lorsch's (1967) contingency theory says there is no one optimal method to organize a firm, lead a company, or make choices. Instead, the best course of action is determined by the internal and external circumstances. Various contingent leaders effectively use various leadership styles to the appropriate conditions. Lawrence and Lorsch (1967) developed the phrase in 1967, arguing that the degree of uncertainty and pace of change in an environment influences the formation of internal organizational characteristics. Currently, the contingency theory serves as a significant paradigm for studying organizational design (Jin., Long, Boamah, 2019). The most successful organizational structural design, according to this theory, is one in which the structure matches the circumstances. The structural contingency theory of organizational structure (Zarei, Carrasco-Gallego, & Ronchi) is a more concise term (2019). The fact that structural contingency theory is static and does not account for organizational change and adaptability is a difficulty (Lee, & Day, 2019). The basis of the theory (Woodward, 2020) is static in the sense that it deals with how a static condition of fit between structure and contingency generates high performance.

There are no universally applicable AIS that can be used to every scenario since AIS efficacy and utility are dependent on external elements like market and environment, as well as internal factors like technology and strategy (Woodward, et al 2018). Accounting information systems must also be aligned with the company's strategic goals. Otley (2010)

reviewed earlier contingency research that revealed no universally acceptable management accounting solutions applicable to all businesses in all scenarios. The approaches or systems are fundamentally conditional on the situation. Langfield - Smith (2007) examined the link between tactic and AIS in depth and concluded that AIS is one of the results of tactic.

According to Gerdin and Greve (2004), AIS plays a proactive role in strategy management by functioning as a tool that enables organizational approach. According to contingency theory, accounting information systems should be flexible enough to take into consideration a corporate entity's surroundings and organizational structure. Various kinds of AIS have been studied in conjunction with other aspects like structure, and technology in the literature. These numerous AIS combinations have given helpful study avenues for AIS, however most of these research directions have not been addressed toward SMEs. AIS must also adapt to the unique options under consideration. To put it another way, AIS must be developed inside an adaptable framework (Woodwar, 2018). The aforementioned hypothesis will aid in determining the efficacy and utility of accounting information systems in SMEs in Kirinyaga County's financial performance.

2.2.3 The Theory of Planned Behavior

It implies that the capacity to regulate a behavior and the motivation to acquire it are both important factors in achieving it. Control, regulation, and behavioral modification are all part of it (Venkatesh, 2003). It entails: demeanor, which relates to one's attitude toward a judgment of a certain behavior. It also includes ideas for the results of particular actions; intentional behavioral that prompts a certain action; and subjective standards, which relate to if a person loves or hates a specific action (Hsu & Chiu, 2004). Early accounting research

looked at bivariate relationships between control system features (such as dependence on accounting performance measurements or budget involvement) and criteria variables.

Behavioral theory in finance literature, on the other hand, quickly advanced to more sophisticated contingency models of the enterprise with a broader view of an organization and human behavior. The theory of Planned Behavior study is based on the idea that structure and control system design are linked to the setting of the organization (Kren, 1992). The contextual factors that characterize the organization's environment must be matched to the specific features of the control systems. A better match is positively connected to organizational success, according to the (often implicit) premise. The researcher's foundation for understanding the design and efficacy of control systems in general is an assessment of the characteristics of individual organizations and their contexts (Kren, 1992). The hypothesis will be used to determine the level of technology adoption by SMEs' owners and managers, as well as the impact of accounting information systems on SMEs' financial performance in Kirinyaga County, Kenya.

2.2.4 Technology Acceptance Model

It aims to explain how certain end-user computer technologies are adopted (Davis, 1989). TAM is not just sealed, it may provide experimental support to enable the usage of AIS to be understood (Venkatesh, 2003). It provides for users to spend AIS, based on the manner they plan to use it, always dependent on what they think the product can achieve and how it gets approached. In addition, the superficial practicability and the easy adoption of the AIS also leads user-intended modifications. In brief, it can be resolved to emphasize three main fields, i.e. how consumers regard this technology, how beneficial it is to be perceived and how easy it may be used (Davis, 1989).

In order to ensure efficient use of AIS platforms, TAM seeks to identify the reasons of disabilities in adopting AIS with a view to establishing ways for improved business performance in organizations. Conservancy of communication may be ruptured by the TAM model since perceived performance is one of the criteria driving usage of technology. The amount of belief a person has in the usage of a certain information system and how it would improve the performance of a task is regarded to be beneficial, according to Davis 1989. The sense that using an information system requires less work is also regarded to be efficient. Such attitudes will always affect technological uptake since a positive approach increases while the opposite is true (Gefen & Straub, 1997). The extent to which AIS use would help small and medium-sized businesses improve their performance should be regarded useful in this study. The theory will aid in comprehending the acceptability of accounting information system utilization and, as a result, its impact on the financial performance of SMEs in Kirinyaga County, Kenya.

2.3 Empirical Review

2.3.1 Accounting Information Systems Records and Performance of SMEs

Kurniawati (2019) conducted research on the influence of accounting data on business decision-making and performance evaluation in Indonesian SMEs. A suitable sample of 75 SMEs was selected from Central Java, Indonesia. Interviews and questionnaires were used to collect data, which was then evaluated using a quantitative method. The findings revealed that small businesses simply maintained track of cash inflows and outflows. However, there were just a few records preserved to aid in decision-making. It was suggested that SMEs be encouraged to maintain accounting records. However, a gap exists

as the above study was in the global context and its focus was limited to accounting information systems records.

Amoako (2019) looked at the record-keeping techniques used by small and medium-sized enterprises in Ghana. The information was gathered using answers to a structured survey of 210 SMEs from Kumasi (SMEs). The survey was broken into three portions: a company demographic profile, a classification of businesses that keep and don't keep adequate records, and lastly a classification of replies based on why a firm keeps or doesn't retain accounting records. Data were analyzed using descriptive statistics. Because of the absence of the accounting knowledge needed and the high costs of engaging the accounting professionals, small and medium enterprises in Ghana do not have appropriate records. However, a gap exists as the above study was in the regional context and its focus was limited to record-keeping techniques.

Onaolapo (2019) investigated the impact of accounting records on small business growth in Nigeria's Oyo state. A descriptive and cross-sectional research approach was used in this study. The used a stratified sampling method and had 113 respondents in his sample, who were then placed into one of three groups based on the type of business they conducted. Data was collected through personal interviews and questionnaires¹, which was then analyzed using descriptive statistics. The majority of respondents did not retain detailed accounting records, according to the data. However, a gap exists as the above study was in the regional context and its focus was limited to accounting records.

Kamau (2020) looked on the effect of accounting records on the financial performance of small and medium-sized firms in Nairobi County's core business area. The study sampled SMEs in Nairobi's Central Business District using a systematic sampling approach and used a descriptive research design. The management of knowledge required for effective company performance relies heavily on record keeping. Record keeping also serves as proof of how the transaction was handled and substantiates the efforts taken to adhere to company standards. Revenue and expenditure accounts must be carefully produced for ledger accounts to be successful, limiting the risks of bad financial performance of SMEs in Nairobi County. The study discovered that improving the way you store and prepare your buy and sales ledgers will help you enhance your financial performance. However, a gap exists as the above study was limited to accounting records and its context was in Nairobi County.

Okwena (2017) looked at the impact of good bookkeeping on SMEs' financial performance in Kisii Municipality. This study took a cross-sectional survey research approach. A total of 3528 SME owners/managers were included in the target group. To obtain a sample of 97 SMEs, the study used stratified and simple random sampling procedures. To obtain quantitative data from primary sources, a structured questionnaire was employed. Descriptive statistics such as frequency distribution and percentages were employed to help transform raw data into an understandable and interpretable format. To examine quantitative data, the Pearson correlation coefficient and a basic linear regression model were utilized. According to the survey, single entry bookkeeping is used by 63.9 percent of SMEs in Kisii. According to a Pearson correlation analysis, financial success has a very strong positive relationship with competent bookkeeping. However, the study discovered

that SMEs had insufficient understanding of bookkeeping, which contributed significantly to their failure. However, a gap exists as the above study was limited to bookkeeping and its context was in Kisii Municipality.

Muchira (2018) looked at the link between record keeping and micro and small business growth in Thika Municipality. The study used an exploration technique that targeted demographic owners and managers of micro and SMEs in the municipality of Thika. The sample was carefully selected and the data were collected via surveys. The data have been obtained using quantitative and qualitative techniques from a sample of 84 micro and small enterprises. The results of this study show that the majority of micro- and SMEs do not keep comprehensive accounting documents, which means they lack accounting data to promote their performance. However, a gap exists as the above study was limited to record keeping and its context was in Thika Municipality.

2.3.2 Accounting Information Systems Service Quality and Performance of SMEs

Esmeray's (2020) research sought to determine the influence of accounting information systems on the financial performance of Turkey's small and medium-sized businesses. The analytical descriptive technique was used to attain the research's goal by developing a questionnaire and disseminating it to the study sample, which consisted of 60 firms in the city of Qaisariya. The study's findings revealed a statistically significant beneficial link between the usage of accounting information systems and sales, refunds, and the number of customers. However, a gap exists as the above study was in the global context which is different from Kenya in terms of economic environment. However, a gap exists as the above study was limited to record keeping and its context was in Thika Municipality.

Hezabr and Qatanani (2020) investigated the influence of accounting information systems on the value chain of Bahraini firms. The analytical descriptive technique was used to attain the research's goal by developing a questionnaire and disseminating it to the study sample, which comprised of 60 employees from 23 industrial enterprises. The study's findings revealed that the essential components of accounting information systems were not readily available. Furthermore, the accounting information quality required to strengthen the value chain for business organizations in Bahrain's public industrial shareholding firms is lacking. The contribution of accounting information systems to enhancing value was determined to be insufficient. However, a gap exists as the above study was in the global context and its focus was on the value chain.

Moqbel's (2019) research aimed at showing how e-commerce in Jordan affects accounting information systems. A questionnaire was developed and disseminated to the sample study, which consisted of 75 financial managers working on 25 services businesses, to achieve the research objective. The study findings indicated that the statistically substantial favorable effect of accounting information systems on e-commerce in Jordanian service companies. Nwinee, et al. (2020) set out to determine the influence of accounting information systems on the organizational effectiveness of Nigerian SME businesses. The analytical descriptive technique was used to attain the research's goal, which included developing a questionnaire and disseminating it to the study sample, which included 156 workers from sme-sized businesses in Port Harcourt. The study found that using accounting information systems helps companies become more productive and enhances their capacity to control expenses. However, a gap exists as the above study was in the global context and its focus was on e-commerce.

Rachmawati and Lasniroha (2019) investigated the influence of administrative accounting information systems, accounting information management quality, and service quality on user satisfaction and their impact on Indonesia's decision-making process. The study sample was made up of employees of Egypt's State Bank, who were given a questionnaire to fill out in order to collect the data needed for the study. The study's findings revealed that with a percentage of 62 percent, the quality of administrative accounting information systems and the quality of services offered has an influence on the decision-making process. The purpose of Abdullah's (2019) research was to determine the influence of accounting information systems on the quality of financial statements in Morocco's Income and Sales Tax Department. The analytical descriptive technique was used to attain the study's goal by developing a questionnaire and disseminating it to the study sample, which consisted of 50 accountants from the Amman Governorate's Income and Sales Tax Department. The study's findings suggest that the usage of accounting information systems has an impact on the quality of financial statements produced by Jordan's Income and Sales Tax Department. However, a gap exists as the above study was in the regional context and its focus was on user satisfaction.

2.3.3 Accounting Information Systems Data Quality and Performance of SMEs

Ahmad (2019) investigated the variables that influence the adoption of accounting information systems and the quality of accounting data through a survey conducted at the University of Utara Malaysia. A survey of 119 people was chosen to obtain data for testing the study assumptions. The primary findings revealed that management commitments, data quality, and accounting information systems all had a substantial link. Human resources, on the other hand, had no bearing on the relationship. Furthermore, the relationship

between management commitment and data quality was shown to be strongly connected to accounting information quality, but not to accounting information systems or human resource management. According to the report, management commitment should support the adoption of accounting information systems by providing appropriate resources and thorough training to accountants. However, a gap exists as the above study was in the global context and it was limited to quality of accounting data.

In Albanian accounting information systems, Zoto and Tole (2019) focused on the key variables that impact data quality. A survey was created to give information on the ranking order of the most significant variables that impact data quality in AIS, as well as how companies are taking these aspects into account. It was stated that data quality may be improved if the hired workforce inside the businesses have the necessary abilities. In AIS data quality, training is essential, as it is with any new approach, technology, or software solution. The hired staff's level of understanding of AIS and the data quality procedure is also critical, and it is directly connected to how workers react to the new scenario. Finally, as members of an organization, each employee should strive to develop his or her abilities in accordance with the business's processes in order to assure AIS data quality. However, a gap exists as the above study was in the global context and it was limited to quality of accounting data.

Hongjiang (2019) focused on the essential success criteria for data quality in accounting information systems in Australian businesses. For this study, a case study and survey methods were used. The ANOVA analysis was performed to see if there were any variations in the relevance of the important elements for the data quality of accounting information systems across various sized businesses. The absence of substantial variations

across the various sized businesses was noticed, which might be explained by the widespread knowledge of information quality concerns in accounting information systems among all examined organizations. It showed that the size of the company had no impact on their opinions of the important data quality variables. In other words, regardless of size, the relevance of those characteristics was identical across all examined businesses. As a result, it suggested that a set of universally applicable essential success criteria for guaranteeing data quality in accounting information systems might be developed for businesses of all sizes. However, a gap exists as the above study was in the global context and it was limited to quality of accounting data.

2.2.4 Accounting Information Systems Quality and Performance of SMEs

Shagari, Abdullah, and Mat Saat (2020) focused on the impact of system quality and information quality on the efficacy of accounting information systems (AIS) in Nigerian banks, using a theoretical approach and desktop research to analyze the data. It was stated that banks in Nigeria have made significant investments in AIS in order to improve their day-to-day operations. However, research from the literature suggests that such an investment does not produce the intended results due to system failure, system error, and the generation of incorrect data, all of which impact decision-making processes. The Delone and Mclean Success Model was chosen as the conceptual framework's foundation theory. The outcomes of this study, it was decided, will aid bank management in understanding the drivers of AIS efficacy, therefore improving their operational operations and decision-making. However, a gap exists as the above study was in the global context and it was limited to system quality.

Matovu (2020) investigated the perceived quality of accounting information and the performance of Tanzanian small and medium businesses. Purposive sampling was employed in addition to a mix of cross-sectional, descriptive, and explanatory research. Individual qualitative qualities (relevance, correctness, understandability, and dependability) were evaluated with performance, based on the premise that there is a link between accounting information quality and small and medium company performance. The quality of accounting information and the performance of SMEs were shown to have a strong positive linear connection. The results of the correlation relationship show that the quality of accounting information in terms of relevance, correctness, understandability, and dependability improved small and medium company performance. However, a gap exists as the above study was in the regional context and it was limited to quality of accounting information.

Odero (2019) looked on the impact of accounting quality on SMEs' financial performance in Nairobi County. A sample of 50 businesses from various industries in the county were surveyed for primary data. A drop and pick module was utilized to deliver a self-administered questionnaire. On the variables, a binary logistic regression model was constructed. Quality indicators for accounting information systems include the administration of records and reports, as well as the degree of knowledge and utilization the financial performance of SMEs in Nairobi County as evaluated by return on investment (ROI) and the kind of accounting information systems in use and the amount of regulation in use, according to the findings in Nairobi County, the quality of accounting information systems has a positive impact on SME financial performance. However, there is a gap

because the previous study was limited to measuring financial system quality and was conducted in Nairobi County.

2.4 Summary of Literature Review and Research Gap

Several studies examining the effects of accounting information systems on the business results of small and mid-sized businesses have been conducted, but only a few have been completed locally.

Authors	Focus of the previous researches	Methodologies	Findings	Research Gaps
Kurniawati (2019)	Accounting information's influence on corporate decision-making and performance evaluation in Indonesian SMEs.	Quantitative techniques were used to examine the interviews and surveys.	The results The findings revealed that small businesses simply maintained track of cash inflows and outflows. However, there were just a few records preserved to aid in decision-making.	This was a global study and is focus was on accounting information and performance assessment while the current study focuses on financial performance of SMEs
Amoako (2019)	The methods used by SMES in Kumasi, Ghana to maintain track of their records.	Statistics from descriptive results were analysed	Due to a lack of essential accounting expertise and the expensive expense of employing accounting specialists, it was discovered no adequate records in SMEs	This was a regional study and focused on methods used by SMES in to maintain track of their records while the current study focuses on financial performance of SMEs

Onaolapo (2019)	The impact of keeping accounting records on the performance of small businesses in Nigeria's Oyo state.	The study design was descriptive and cross-sectional.	Enterprise's performance was depended on accounting records	This was a regional study and focused on accounting records while the current study focuses on financial performance of SMEs
Esmeray (2020)	The influence of accounting information systems on small and medium-sized businesses' financial performance.	Descriptive research approach	The study's findings revealed a statistically significant beneficial link between the usage of accounting information systems and sales, refunds, and the number of customers.	Despite the fact that the aim was the same as the current study on the impact of accounting information systems on SMEs' financial performance, this was a global study with a backdrop that was not Kenyan.
Moqbel (2019)	effect of accounting information systems on e-commerce.	used a descriptive survey	The study found that the statistic benefits of e-commerce in service firms for accounting information systems were statistically significant.	The study was a global study and focus was on accounting information systems on e-commerce while the current study focuses on financial performance of SMEs.
Ahmad (2019)	The variables that influence the deployment of accounting information systems and the quality of accounting data.	The study used a descriptive survey	The findings indicated that Management commitments, data quality, and accounting information systems all have a substantial link.	The study was a global study and focus was on Utara Malaysia while the current study focuses on financial performance of SMEs.

Shagari, Abdullah and Mat Saat (2020)	The impact of system and information quality on the efficacy of accounting information systems (AIS) in Nigerian banks.	Theoretical approach through Delone and Mclean success Model	It was concluded that the Banks' operational operations and decision-making were improved as a result of improved system and information quality on accounting information systems.	The study was a regional study and focused on systems quality and information quality on accounting information systems while the current study focuses on financial performance of SMEs.
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Source: Author (2021)

2.5 Conceptual Framework

It depicts the level at which a researcher hypothesizes a relationship between relevant variables in this study and demonstrates in graphs and diagrams (Mugenda & Mugenda, 2008). This connection establishes the relationship between dependent and independent variables.

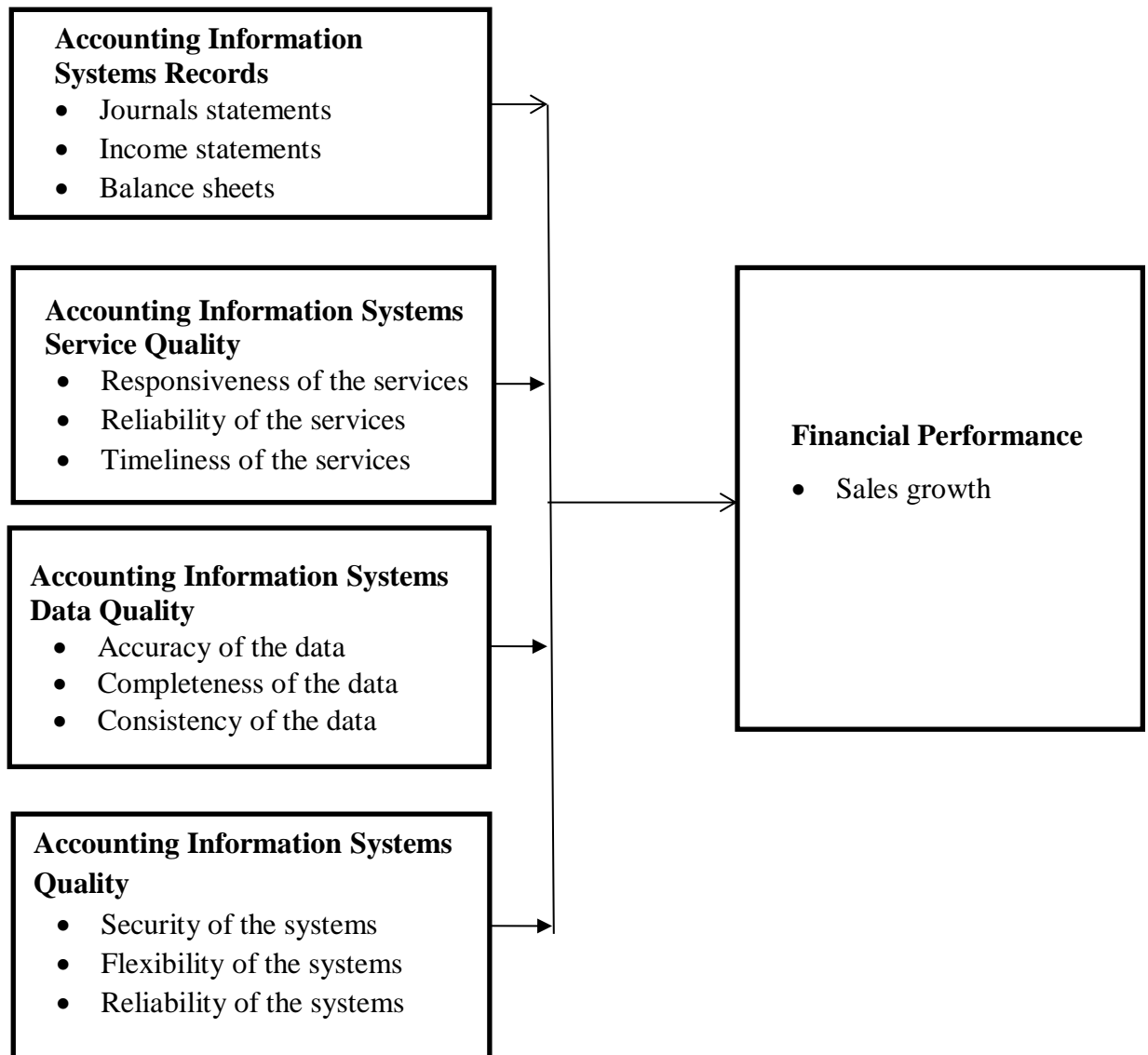


Figure 2.1 Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology that used in the research. It encompasses the research design. The population, data collection methods, diagnostic tests, and researcher data analysis were all used to determine the impact of accounting information systems on the financial performance of small and medium-sized businesses in Kirinyaga County, Kenya.

3.2 Research Design

According to Kothari (2019), this is a technique that is used to offer the necessary responses in regard to intended objectives. The descriptive research approach was employed which allows the researcher to collect huge volumes of data from a wide population in a highly effective, simple, and cost-efficient manner utilizing questionnaires (Saunders, Lewis & Thornhill, 2012). This approach was selected since it allows the researcher to evaluate several variables at the same time and allows the researcher to explain the numerous study circumstances and variables. The study design used utilized to generate frequency distributions, tables, and percentages among the various variables, as well as to establish the degree to which such variables are related. This approach was preferred because it allows the researcher to analyze a lot of factors at the same time, and by using this strategy, the researcher was able to describe the numerous variables and circumstances of the research (Erik & Marko, 2011).

3.3 Target Population

A study population is stated by Kombo and Tromp (2019) as a group of items, persons, and service homes that are clearly characterized and under investigation. The population should be homogeneous, and studies that employ the population are more representative since each member of the population may be selected to be included in the sample. The population under investigation is referred to as the target population (Kothari, 2019). According to Kothari (2019), the target population should be defined by features that can be observed and on which the researcher may draw generalizations. The target demographic was 1420 business owners and managers in Kirinyaga County who were registered with the Ministry of Trade.

3.4 Size of the Sample and Techniques in Sampling

Sampling is the portion of statistical practice concerned with picking a subset of individual observations from a population in order to get some information about the population in question, which is required for generating predictions based on statistical inference (Mugenda & Mugenda, 2008). The Yamane's formula (1967) was used to compute the sample size of the responders.

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is the population size, and e is the level of precision (0.05).

$$\begin{aligned} n &= 1420 / 1 + 1420 (0.05)^2 \\ &= 1420 / 1 + 1420 (0.0025) \end{aligned}$$

$$=1420/4.55$$

$$=312$$

Table 3.1 Sample Size

Population Category	Sample Size	Percentage (%)
Owners	92	29.5
Managers	220	70.5
Total	312	100.0

Source: Author (2021)

The process a researcher employs to gather people, locations, or objects to investigate is known as sampling technique (Kombo & Tromp, 2019). As the research population is not homogeneous and, in this way, this population may be isolated in strata to provide a representative sample, the analyst will use a stratified random sampling technique. Erik and Marko (2020) emphasized that stratified random sampling methods would be favored since they can better accurately estimate the studied population and offer a more representative sample of the population. For the data collection, an appropriate sample size was computed to achieve the true representation of the population.

A sampling frame lists the population elements from which the sample is obtained (Cooper & Schindler, 2019). The use of the sampling frame is necessary as the researcher had no access to the whole population. The sampling frame represents the entire population under study. In this study, the owners and managers of businesses which were registered with Ministry of Trade in Kirinyaga County constituted the sampling frame.

3.5 Data Collection Tools

Questionnaires were used to obtain primary data. This research tool provides a quick and economical way of obtaining the needed data from a large population. Data is also quickly obtained as the researcher collects the research tool once the respondents complete it. This tool is the most ideal in cases where the population is large and it would be hard to conduct interviews (Kothari, 2019). The study used close-ended questions in the questions so as to save time, they were made of likert scales and questions were based on numerical ranges. The scales are utilized as a kind of rating scale by Cooper and Schindler (2011) as they are dependable and provide adequate volume data as compared to other scales. They also helped come up with a better normal response curve.

3.7 Pilot Testing

The pilot test composed of 31 owners of the SMEs was used for the pilot study. Kothari (2019) recommends that a pilot made-up of 10% of the study targeted sample should be used and the number used for this test is said to be representative of a pilot.

3.7.1 Reliability of Instruments

Cronbach's alpha, which is based on internal consistency, was used to test the data. Cronbach's alpha is a correlation coefficient that calculates the average of observable variables. Cronbach's alpha was utilized to examine the entire scales' dependability of the current condition and the intended scenario, which should be greater than the allowable reliability level of 0.70. (Bryman & Bell,2019).

3.7.2 Validity of Instruments

The degree to which the sample of test items represents the material the test is meant to evaluate, according to Gill and Johnson (2008). Content validity, which was used in this study, is a measure of how well data collected with a given instrument represents a specific domain or content of a notion. The pilot study allowed the researchers to become familiar with research and the procedures for doing it, as well as highlight issues that need to be changed. The findings aided the study in correcting discrepancies in the instruments, ensuring that they accurately measure what is intended.

3.8 Operationalization of the Variables

Table 3.2 Operationalization and Measurement of Variables

Variable	Type	Operationalization	Scale
Financial Performance	Dependent	<ul style="list-style-type: none">• Sales growth	Ratio
Accounting Information Systems Records	Independent variable	<ul style="list-style-type: none">• Journals• Income statements• Balance sheets	Ratio
Accounting Information Systems Service Quality	Independent variable	<ul style="list-style-type: none">• Responsiveness of the services• Reliability of the services• Timeliness of the services	Ratio
Accounting Information Systems Data Quality	Independent variable	<ul style="list-style-type: none">• Accuracy of the data• Completeness of the data• Consistency of the data	Ratio
Accounting Information Systems Quality	Independent variable	<ul style="list-style-type: none">• Security of the systems• Flexibility of the systems• Reliability of the systems• Gearing Ratio	Ratio

3.9 Analysis of Data and Data Presentation

The practice of evaluating data utilizing analytic and logical reasoning to assess each component of the data presented is known as data analysis, assisting in the inspection, cleaning, converting, and modeling of data with the objective of uncovering relevant information and making recommendations (Bryman & Bell, 2020). Quantitative analysis was carried out using descriptive statistics such as frequency distributions, tables, percentages, mean mode, median, and so on. Furthermore, inferential statistics was taken into account.

The data analyzed utilizing SPSS Version 22 software, and the results was presented using percentages, tabulations, means, and other central patterns. Quantitative reports was

generated using tabulations, percentages, and measures of central tendency. Tables were used to summarize replies in order to allow comparison and subsequent analysis.

3.9.1 Regression Model

The researcher employed a multivariate linear regression model to analyze the relationship between the components under investigation. The regression approach was significant in this study because it allowed researchers to assess the nature of the independent factors' effect on a dependent variable. Regression can be used to determine the parameters of a linear equation with one or more independent variables that best predict the value of the dependent variable (Cooper & Schindler, 2011). The regression model was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = Financial Performance;

β_0 = Constant Term;

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients;

X_1 = Accounting Information Systems Records;

X_2 = Accounting Information Systems Service Quality; X_3 = Accounting Information Systems Data Quality; X_4 = Accounting Information Systems Quality

ε = Error term

3.9.2 Correlation Analysis

Correlation analysis is a statistical method for determining the degree of connection between two variables (Bryman & Bell, 2020). The connection between the explanatory and explained variable is determined in the research. Correlation values vary from 0 to

± 1.0 ; a value of 0 indicates that the dependent and independent variables have no relationship. A correlation of ± 1.0 means there is a perfect positive or negative relationship (Bryman & Bell, 2020). When $r = \pm 0.1$ to ± 0.29 , the association is regarded weak; when $r = \pm 0.3$ to ± 0.49 , the relationship is considered medium; when $r = \pm 0.5$ to ± 0.74 , the link is strong; and when $r = \pm 0.75$ and above, the relationship is considered extremely strong.

3.10 Ethical Consideration

The researcher got authorization from the Ministry of Education to gather data for this study. After receiving permission from the Ethics and Research Board, the letter was received from the National Commission for Science, Technology, and Innovation (NACOSTI). The application was sent through Kenyatta University's Registrar. In order to avoid prejudice, the researcher enlisted the help of a research assistant.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the data findings to determine the effect of accounting information systems on financial performance of SMEs in Kirinyaga County Kenya. The data was collected from the enterprises in the county. Multiple regression model was used. This chapter discusses the study results based on the research objectives.

4.2 Response Rate

The study will target 312 SMEs owners and managers in Kirinyaga County Kenya. Questionnaires were issued and 261 were fully filled representing 84% response rate. This was an excellent response rate according to Mugenda and Mugenda (2013) who argued that more than 80% response rate is excellent; more than 60% is good and above 50% is acceptable.

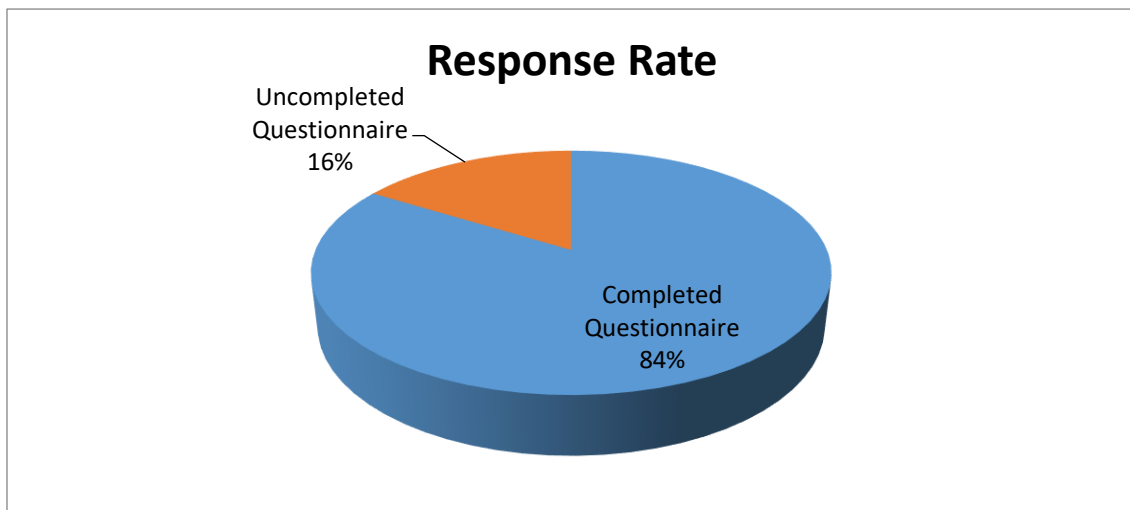


Figure 4.1: Response Rate

Source: Survey Data (2021)

4.3 Pilot Test Results

The study carried out reliability and validity tests to improve on the dependability of instruments. A pilot tests was carried out in 31 respondents (10% of 312 respondents).

4.3.1 Reliability Tests Results

Cronbach Alpha Value was used to test the reliability of the study instruments. The threshold was 0.7. The Alpha values ranged from 0 to 1. The values close to one indicates high reliability and the values close to 0 indicates low reliability (Creswell, 2017). The researcher accepted values which were 0.7 or above.

Table 4.1 Reliability Test Results

Constructs	Value	Remarks
Accounting Information Systems Records	0.814	Reliable
Accounting Information Systems Service Quality	0.789	Reliable
Accounting Information Systems Data Quality	0.808	Reliable
Accounting Information Systems Quality	0.799	Reliable
Financial Performance	0.810	Reliable

Source: Survey Data (2021)

The results in table 4.1 indicates that Accounting Information Systems Records had an Alpha value of 0.814, Accounting Information Systems Service Quality had an Alpha value of 0.789, Accounting Information Systems Data Quality had an Alpha value of 0.808, Accounting Information Systems Quality Alpha value was 0.799, and financial

performance was 0.810. This clearly indicated that the Alpha values were all above the accepted threshold of 0.7 and thus the research instrument was assumed to be reliable.

4.3.2 Validity Test Results

Consultation with competent resources personnel such as the university supervisor was used to improve the legitimacy of the contents, facial and construct validity. The project also increased the trustworthiness and validity of the data collection instrument through pilot testing.

4.4 Demographic Characteristics

Respondents from different demographics have different views and opinions regarding issues relating to the affairs and operations of a certain workplace (Orotho, 2010). Therefore the researcher sought to establish, gender, age bracket, highest level of Education and the length the respondents had operated or worked in SMEs

4.4.1 Gender of Respondents

The study sought to establish the gender of various respondents who were consumers of various products found in the selected supermarkets. Table 4.2 shows the results.

Table 4.2: Respondent’s Age Group

	Frequency	Percent
Valid Male	109	42.0
Valid Female	152	58.0
Total	261	100.0

Source:Survey Data(2021)

The results indicate that majority of the respondents (58%) were female and the male counterpart was at 42%. This indicates that majority of the SMEs owners and managers

are female counterpart. The study agrees with Mburu (2018) that majority of the small and medium business owners are women in central region.

4.4.2 Age of the Respondents

The age bracket of the respondents were sought to establish the age level of the most SME owners and managers. Table 4.3 presents the results.

Table 4.3 Age of the Respondents

	Frequency	Percent
20 to 30 years	70	26.8
31 to 40	49	18.8
Valid 41 to 50	92	35.2
Above 51 years	50	19.2
Total	261	100.0

Source: Survey Data(2021)

Table 4.3 depicts that 41 to 50 years old owners/managers of SMEs were the majority of the respondents. The cumulative percentage indicates that most owners/were above 30 years old ($100\% - 32.1\% = 68\%$). This survey supports that majority of the owners and managers of SMEs were above 41 years old. The study agrees with Muchira (2018) that majority of the micro and small business owners in central region were more than 35 years old.

4.4.3 Highest level of Education

Table 4.4 Highest level of Education

	Frequency	Percent
Diploma	145	55.6
Valid Undergraduate	87	33.3
Post Graduate	29	11.1
Total	261	100.0

Source: Survey Data (2021)

The study established that the most of the SMEs owners highest level of education was diploma (55.6%). SMEs owners and managers with undergraduate certificate were 33.3% and post graduate certificate holders were 11.1%. This is supported by the fact that majority of the diploma certificate holders are self-employed in Kirinyaga County, Kenya. A study by Kamau (2020) on the effect of accounting records on the financial performance of small and medium-sized firms in Nairobi CBD found that majority of the SME owners had either certificate and diploma as their highest level of education. Further, a study by Okwena (2017) established that majority of SMEs (63.9 percent) had diploma certificate as their highest level of education.

4.4.4 Work Experience

The study sought to determine how long various targeted respondents had operated the SME business. This results were important in establishing whether the respondents had the relevant skills and knowledge which could be helpful in achieving the set study objectives.

Table 4.5 Years Work Experience

	Frequency	Percentages
Less than 5 year	78	29.9
5-10 years	86	33.0
More Than 10 years	97	37.1
Total	261	100

Source: Survey Data(2021)

The results indicates that 29.9% of the respondents had less than 5 year working experience, 33% had worked for 5 to 10 years, and 37.1% had worked for more than 10 years . The study clearly indicates that majority of the respondents had worked for more

than ten years clearly indicating the necessary experience required to enable the researcher achieve the set specific objectives. The study supported Muchira (2018) findings that majority of the SMEs have persistently operated their business for a long period where the new entrants are unable to penetrate their market. Odero (2019) further found that majority of SMEs in Nairobi County have operated for quite a long time concentrating on diverse segments of markets.

4.5 Analysis of the Study Variables

The results of the respondents' views and opinions on the study variables are presented in this section. The respondents were asked to rate how much they agreed with various assertions about the research variables. To establish how much the respondents agreed with the assertions in this section, the mean and standard deviation were utilized. A high mean indicates high agreement with the statements in the associated tables, whereas a low mean indicates low agreement. The response dispersion rate was calculated using the standard deviation. The dispersion graph depicts how the responses are spread out and fluctuate.

4.5.1 Analysis Based on Accounting Information Systems Records

The first objective was to determine the effect of accounting information systems records on financial performance of SMEs in Kirinyaga County Kenya. The results were summarized in table 4.6.

Table 4.6 Accounting Information Systems Records

Statements	Mean	Std.Dev
Our firm keeps electronic records of cash inflows and outflows	3.912	.881
The management of knowledge required for effective company performance relies heavily on record keeping	3.765	.799
Our firm always keeps electronic records of all transactions	3.996	1.122
In monitoring the strength and weakness of the transactions, our business employs computerized accounting records.	4.122	.888
There is an electronic record of assets and liabilities in our organization	4.037	1.304
There is an electronic record of the income statement in our organization	3.991	1.111
There is an electronic record of the tax assessment in our organization	3.765	.915
Aggregate Mean	3.941	1.030

Source: Survey Data(2021)

The results indicated that the firm keeps electronic records of cash inflows and outflows (M=3.912, Std Dev=0.881) and the management of knowledge required for effective company performance relies heavily on record keeping (M=3.765, Std Dev=0.799). The study indicated that the firm always keeps electronic records of all transactions (M=3.996, Std dev=1.122). The respondents strongly agreed in monitoring the strength and weakness of the transactions, the SMEs employs computerized accounting records (M=4.122, Std Dev=0.888). In addition, the study indicated that there is an electronic record of assets and liabilities in most of the SMEs (M=4.037, Std Dev=1.304). The respondents agreed that there is an electronic record of the income statement in majority of the SMEs (M=3.991, Std dev=1.111). They also agreed that there is an electronic record of the tax assessment in

the SMEs ($M=3.765$, $Std\ dev=0.915$). The aggregate mean of 3.941 indicates that the accounting information systems records were effectively in majority of the SMEs.

The study agrees with Kurniawati (2019) that small businesses in Central Java, Indonesia maintained track of cash inflows and outflows. However, there were just a few records preserved to aid in decision-making. It was suggested that SMEs be encouraged to maintain accounting records. Additionally, Amoako (2019) found that because of the absence of the accounting knowledge needed and the high costs of engaging the accounting professionals, small and medium enterprises in Ghana do not have appropriate records. Further, Onaolapo (2019) disagrees that majority of SMEs in Nigeria's Oyo state did not retain detailed accounting records.

4.5.2 Analysis Based on Accounting Information Systems Service Quality

The second objective was to determine the effect of accounting information systems service quality on financial performance of SMEs in Kirinyaga County, Kenya. Table 4.7 shows the results related to control activities.

Table 4.7 Accounting Information Systems Service Quality

Statement	Mean	Std.Dev
The accounting system in my organization has enhanced efficiency of services offered to the customers	4.321	1.009
The accounting system in my organization has enabled my organization serve many customers	4.001	1.112
The accounting system in my organization has enabled my organization control costs	3.912	.919
The accounting system in my organization has provided reliable services	3.765	.876
The accounting information systems in my organization has benefited my organization in decision making	3.888	.788
The accounting information systems in my organization has provided flexible services	4.111	1.112
The accounting information systems in my organization has aligned all the services	3.222	.985
Aggregate Score	3.889	.972

Source: Survey Data(2021)

The result indicates that the accounting system in many SMEs have enhanced efficiency of services offered to the customers (M=4.321, Std Dev=1.009). The study established that the accounting system in majority of SMEs have enabled them serve many customers (M=4.001, Std dev=1.112), the accounting system in has enabled them control costs (M=3.912, Std dev=0.919) and that the accounting system in has provided reliable services (M=3.765, Std Dev=.876). Majority of the respondents agreed that the accounting information systems in many SMEs has benefited them in decision making (M=3.888, Std dev=.788). Further, the accounting information systems in SMEs has provided flexible services (M=4.111, Std Dev=1.112). The results indicates that the accounting information systems in many of the SMEs are moderately aligned to all the services (M=3.222, Std

Dev=.985). The aggregate mean of 3.889 indicates that the accounting information systems service quality was good in majority of the SMEs targeted.

Esmeray's (2020) studied the influence of accounting information systems on the financial performance of Turkey's small and medium-sized businesses. The study's findings revealed a statistically significant beneficial link between the usage of accounting information systems and sales, refunds, and the number of customers. Hezabr and Qatanani (2020) disagrees that the essential components of accounting information systems were not readily available in Bahraini firms. Furthermore, the accounting information quality required to strengthen the value chain for business organizations in Bahrain's public industrial shareholding firms was lacking. The contribution of accounting information systems to enhancing value was determined to be insufficient. Moqbel's (2019) found that there was a statistically substantial favorable effect of accounting information systems on e-commerce in Jordanian service companies. Nwinee, *et al.*,(2020) supported that using accounting information systems helps companies become more productive and enhances their capacity to control expenses.

4.5.3 Analysis Based on Accounting Information Systems Data Quality

The third objective was to assess the effect of accounting information systems data quality on financial performance of SMEs in Kirinyaga County, Kenya. The results were presented and summarized in Table 4.8.

Table 4.8 Accounting Information Systems Data Quality

Statements	Mean	Std.Dev
The data base management system in my organization is effective	3.184	.866
The electronic data collecting system in my organization is effective	2.755	1.101
The electronic data processing system in my organization is effective	3.199	1.012
The accounting information systems in my organization has enhanced data quality	3.112	1.001
The employees in my organization have the right skills to enhance the quality of the data	3.179	.989
The employees in my organization have knowledge regarding accounting information systems	2.000	.977
Aggregate	2.905	.991

Source: Survey Data(2021)

The results in the table 4.8 indicates that the data base management system in majority of SMEs are moderately effective (M=3.184, Std Dev=0.866). Majority of the respondents disagreed that the electronic data collecting system in SMEs are effective (M=2.755, Std Dev=1.101), the electronic data processing system in majority of SMEs is moderately effective (M=3.199, Std Dev=1.012) and the accounting information systems in many of the SMEs moderately enhanced data quality (M=3.112, Std dev=1.001). The results indicates that the employees in majority of the SMEs have average skills to enhance the quality of the data (M=3.179). The study result indicates that management have not established substantive procedures to mitigate the significant risks of fraud (M=2.899, Std Dev=1.114). Majority of the respondents agreed that the employees in have low knowledge

regarding accounting information systems ($M=2.000$, $Std\ Dev=.977$). On average the accounting information systems data quality was poor.

Ahmad (2019) disagrees that the relationship between management commitment and data quality was shown to be strongly connected to accounting information quality, but not to accounting information systems or human resource management. According to the report, management commitment should support the adoption of accounting information systems by providing appropriate resources and thorough training to accountants. Zoto and Tole (2019) supported that data quality may be improved if the hired workforce inside the businesses have the necessary abilities. Hongjiang (2019) supports that absence of substantial variations across the various sized businesses was noticed, which might be explained by the widespread knowledge of information quality concerns in accounting information systems among all examined organizations. It showed that the size of the company had no impact on their opinions of the important data quality variables.

4.5.4 Analysis Based on Accounting Information Systems Quality

The fourth objective of the study was to determine the effect of accounting information systems Quality on financial performance of SMEs in Kirinyaga County, Kenya. The results was presented in Table 4.9.

Table 4.9 Accounting Information Systems Quality

Statements	Mean	Std. Dev
The accounting information systems in my organization has reduced the system errors	3.944	.779
The accounting information system quality has enabled my organization produce quality report	3.912	1.012
The accounting information systems in my organization is reliable	3.466	1.008
The accounting information systems in my organization is timely	3.709	.999
The accounting information systems in my organization is easy to use	3.976	.786
The accounting information systems in my organization is flexible	3.664	1.001
The accounting information systems in my organization is tractable	3.998	1.222
The accounting information systems in my organization is secure	3.654	.976
Aggregates	3.790	.973

Source: Survey Data (2021)

The study results in table 4.9 indicates that the accounting information systems has reduced the system errors and has enabled SMEs produce quality report as supported by a mean of 3.944 and 3.912 respectively. Majority of the respondents moderately agreed that the accounting information systems in most of the SMEs was reliable (M=3.466, Std Dev=1.008). The study established that the accounting information systems in the SMEs in Kirinyaga County was timely, easy to use, flexible, tractable and secure as reflected in the mean of 3.709, 3.976, 3.664, 3.998 and 3.654 respectively. The aggregate mean indicates the accounting information systems quality is good in the majority of the SMEs in Kirinyaga County, Kenya.

The study agrees with Shagari, Abdullah, and Mat Saat (2020) that SMEs in Nigeria have made significant investments in AIS in order to improve their day-to-day operations. However, research from the literature suggests that such an investment does not produce the intended results due to system failure, system error, and the generation of incorrect data, all of which impact decision-making processes. Matovu (2020) found that individual qualitative qualities (relevance, correctness, understandability, and dependability) were evaluated with performance, based on the premise that there is a link between accounting information quality and small and medium company performance. The quality of accounting information and the performance of SMEs were shown to have a strong positive linear connection. Odero (2019) established that the quality of accounting information systems has a positive impact on SME financial performance.

4.5.5 Analysis Based on Financial Performance of Small and Medium Enterprises

The result in this section presents the results on financial performance of SMEs in Kirinyaga County, Kenya. The results were summarized in the table 4.10.

Table 4.10 Analysis Based on Financial Performance

Statements	Mean	Std. Dev
Our firm has had an increase in its market share over the years	2.754	1.167
The sales revenue in the firm has been on the rise over the years	3.007	1.112
The profitability in my organization has increased over the years	3.455	1.002
The business operating cash in my organization has increased over the years	2.777	.998
Aggregates	2.998	1.070

Source: Survey Data(2021)

The study results indicates that the SMEs has had stagnant market share over the years (M=2.754, Std Dev=1.167). The study indicated that the sales revenue in the SMEs has been moderate over the years (M=3.007, Std Dev=1.112). The profitability in many SMEs have moderately increased over the years (M=3.455, Std Dev=1.002) and that the business operating cash in many SMEs has been minimal over the years as indicated by low means of 2.777. The study agrees with Shagari, Abdullah, and Mat Saat (2020) that SMEs day-to-day operations have been impacted greatly by their mode of operations and market share. Matovu (2020) further supported that profitability and liquidity of the small and medium enterprises were greatly linked to accounting information quality and operational efficiency. Odero (2019) established that SME financial performance especially sales volumes and operating cash have been on the rise in the recent past.

4.6 Inferential Analysis

The section presents regression results based on the study variables.

Table 4.11 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866	.751	.711	1.51234

Source: Survey Data (2021)

The model summary above indicates a coefficient of correlation R of 0.866 signifying presence of strong positive correlation between the variables of the study. The coefficient of determination R square is 0.751 indicates that 75.1 percent change in financial performance was explained by independent variables.

Table 4.12 Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	58.95	5	11.79	26.61	.000
Residual	22.62	51	0.443		
Total	81.57	56			

Source: Survey Data (2021)

At a 5% level of significance, the processed data ANOVA findings reveal a F calculated value of 26.61, while F crucial 2.76 is retrieved from the F Table. The whole regression model proved significant in predicting the correlation between the research variables since F computed was greater than F crucial. The P value 0.000 is likewise less than 0.05, indicating that the research predictor variables have a statistically significant effect on financial performance.

Table 4.13 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.455	2.265		.216	.133
Accounting Information Systems Records	.598	.178	.296	1.421	.000
Accounting Information Systems Service Quality	.469	.192	.467	2.455	.000
Accounting Information Systems Data Quality	1.121	2.052	1.89	.289	.000
Accounting Information Systems Quality	.899	.234	.556	3.234	.001

Source: Survey Data (2021)

From the results in the table 4.13 the adopted model becomes;

$$Y=1.455 + 0.598X_1 + 0.469X_2 + 1.121X_3 + 0.899X_4$$

Table 4.13 indicates that holding the five independent variables (accounting information systems records, accounting information systems service quality, accounting information systems data quality and accounting information systems quality) constant the value of financial performance was 1.455 units. The four independent variables; accounting information systems records, accounting information systems service quality, accounting information systems data quality and accounting information systems quality had a significant effect on financial performance (sig<0.05). The study agrees with Shagari, Abdullah, and Mat Saat (2020) that information systems records, accounting information systems service quality, accounting information systems data quality and accounting information systems quality have significant effect on financial performance. Further, Matovu (2020) found that information systems records, accounting information systems service quality, accounting information systems data quality and accounting information systems quality had significant effect on SMEs performance.

4.6.1 Accounting Information Systems Records and Financial Performance

The results in table 4.13 presents that accounting information systems records had a significant positive effect on financial performance of SMEs in Kirinyaga County, Kenya(sig<0.05). The Beta Value of 0.598 indicates that a unit change in the accounting information systems records results to 0.598 units change in financial performance. This clearly indicates that accounting information systems records greatly influenced the financial performance. Kamau (2020) supports that improving the way you store and prepare your buy and sales ledgers will help you enhance your financial performance.

Okwena (2017) supported that financial success has a very strong positive relationship with competent bookkeeping. Muchira (2018) agrees that accounting information systems records had a significant positive effect on financial performance of SMEs.

4.6.2 Accounting Information Systems Service Quality and Financial Performance

The results on accounting information systems service quality indicates that the variable had a positive and significant effect on financial performance ($B=.469$, $\text{sig}=.000$). This indicates that at 5% significant level, changes in a unit of accounting information systems service quality resulted to 0.469 units changes in financial performance. Esmeray's (2020) study's findings revealed a statistically significant beneficial link between the usage of accounting information systems and sales, refunds, and the number of customers. Hezabr and Qatanani (2020) disagrees that the accounting information systems service quality was inversely related to financial performance Moqbel's (2019) found that there was a statistically substantial favorable effect of accounting information systems on e-commerce in Jordanian service companies. Nwinee, *et al.*,(2020) supported that using accounting information systems helps companies become more productive and enhances their capacity to control expenses.

4.6.3 Accounting Information Systems Data Quality and Financial Performance

The results on accounting information systems data quality indicated that the variable had a positive and significant effect on financial performance ($B=1.121$, $\text{Sig}=0.000$). The results indicates that that a unit change in accounting information systems data quality resulted to 1.121 units changes in financial performance at 95% confidence interval. The results also indicates that accounting information systems data quality had the greatest effect on financial performance. Ahmad (2019) agrees that the relationship between

management commitment and data quality was shown to be strongly connected to accounting information quality. Zoto and Tole (2019) supported that data quality was positively related to financial performance. Hongjiang (2019) disagrees that data quality had no impact on financial performance.

4.6.4 Accounting Information Systems Quality and Financial Performance

Table 4.13 presents that the accounting information systems quality had a positive significant effect on financial performance. A unit change in accounting information systems quality contributed to 0.899 units changes in financial performance at 5% significance level ($B=0.899$, $sig=0.000$). Shagari, Abdullah, and Mat Saat (2020) found that banks in Nigeria have made significant investments in AIS in order to improve their day-to-day operations. However, research from the literature suggests that such an investment does not produce the intended results due to system failure, system error, and the generation of incorrect data, all of which impact decision-making processes. Matovu (2020) found that individual qualitative qualities (relevance, correctness, understandability, and dependability) were evaluated with performance, based on the premise that there is a link between accounting information quality and small and medium company performance. The quality of accounting information and the performance of SMEs were shown to have a strong positive linear connection. Odero (2019) established that the quality of accounting information systems has a positive impact on SME financial performance.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents summarized results, conclusions and recommendations based on the study findings. The study aimed to determine the effect of accounting information systems on financial performance of SMEs in Kirinyaga County Kenya. The summary, conclusions and recommendations were based on the specific objectives; to evaluate the effect of accounting information systems records, accounting information systems service quality, accounting information systems data quality and accounting information systems quality on financial performance of SMEs in Kirinyaga County, Kenya.

5.2 Summary of the study

The first objective was to determine the effect of accounting information systems records on financial performance of SMEs in Kirinyaga County Kenya. The study targeted 312 SMEs owners and managers in Kirinyaga County Kenya. Questionnaires were issued and 261 were fully filled representing 84% response rate. The results indicated that the firm keeps electronic records of cash inflows and outflows and the management of knowledge required for effective company performance relies heavily on record keeping. The study indicated that the firm always keeps electronic records of all transactions. The study indicated that there was an electronic record of assets and liabilities in most of the SMEs and that there was an electronic record of the income statement in majority of the SMEs.

The second objective was to determine the effect of accounting information systems service quality on financial performance of SMEs in Kirinyaga County, Kenya. The result

indicates that the accounting system in many SMEs have enhanced efficiency of services offered to the customers. The accounting system in SMEs enabled them control costs and that the accounting system in SMEs provided reliable services. Further, the accounting information systems in SMEs have provided flexible services though the accounting information systems in many of the SMEs are moderately aligned to the services.

The third objective was to assess the effect of accounting information systems data quality on financial performance of SMEs in Kirinyaga County, Kenya. The results indicate that the data base management systems in majority of SMEs are moderately effective. The electronic data collecting system in SMEs were ineffective and rarely enhanced data quality. The results indicate that the employees in majority of the SMEs have average skills to enhance the quality of the data. The study result indicates that management has not established substantive procedures to mitigate the significant risks of fraud. The employees working in the SMEs in Kirinyaga County have low knowledge regarding accounting information systems.

The fourth objective of the study was to determine the effect of accounting information systems Quality on financial performance of SMEs in Kirinyaga County, Kenya. The study results indicate that the accounting information systems have reduced the system errors and have enabled SMEs produce quality report. The study established that the accounting information systems in the SMEs in Kirinyaga County was timely, easy to use, flexible, tractable and secure.

5.2 Conclusions of the study

Based on the study findings, the accounting information systems records had a significant positive effect on financial performance of SMEs in Kirinyaga County, Kenya. This indicates that improving the way SMEs store and prepares their buy and sales ledgers helps enhance their financial performance. This indicates that financial success has a very strong positive relationship with competent bookkeeping.

The results on accounting information systems service quality indicate that the variable had a positive and significant effect on financial performance. The findings revealed a statistically significant beneficial correlation between the usage of accounting information systems and sales, refunds, and the number of customers. Using accounting information systems presented that it helps companies become more productive and enhances their capacity to control expenses.

The results on accounting information systems data quality indicated that the variable had a positive and significant effect on financial performance. The results also indicates that accounting information systems data quality had the greatest effect on financial performance. The relationship between management commitment and data quality was shown to be strongly connected to accounting information quality.

The accounting information systems quality had a positive significant effect on financial performance. The SMEs have made significant investments in accounting information system quality in order to improve their day-to-day operations. But to majority of the SMEs such an investment does not produce the intended results due to system failure, system error, and the generation of incorrect data, all of which impact decision-making processes.

Relevance, correctness, understandability, and dependability of the accounting information systems quality were evaluated with performance, based on the premise that there is a link between accounting information quality and small and medium company performance.

5.4 Recommendations of the Study

Based on the conclusions of the study an adoption of accounting information system is advisable for all SMES in a bid to ensure correctness in reporting and general record management as enterprises that had this system showed an increase in sales growth as opposed to those that had a manual system. It's in deed necessary since there will be minimal human interference in record and report generation which then will reduce biases and hence ensures credibility and reliability on those reports. Operational efficiency will be achieved through timely processing of information, bulk processing and cost reduction which in turn leads to increased performance. With computerization, the firm can be able to expand its scope of operations in wide geographical arena. This saves on costs and even eases processes which could otherwise be tough in a manual set up.

The study recommends the development and application of easy training modules for managers and owners so as to equip them with key accounting information concepts. The study showed that those enterprises for which the respondents were highly knowledgeable recorded increases in the sales growth. The aspects of decision making is critical for success or failure of any business and thus the nature of decision making must be informed by facts hence the need for relevant skills. Training needs to capture all aspects of the business and should target all the players in that entity. Much more encouragement

of on line training is necessary as this proves to be cheaper and convenient as the staff will leave their work stations to attend trainings.

There is need to encourage of regulation of any nature in all businesses. This is not only to bring sanity but to set standards and ensure provision of certain informational requirements which are of financial report format to encourage most business operators to be aware of basic reporting skills. This can even be made on line in nature and such it leads to more adoption of computerized systems. Most respondents that indicated that their businesses were regulated reportedly had a computerized accounting system and further were much knowledgeable on the key accounting information aspects and even had better returns. This could be due to the unique informational requirements of the regulator.

It's important to note that if filing of tax returns, returns with the registrar of companies, societies etc could incorporate the segment that requires the provision of financial accounts in a given prescribed format by SMEs owners and in an online mode then most firms would be encouraged to adopt computerized accounting systems. Therefore KRA should be on the forefront in ensuring that these measures are affected.

5.5 Suggestions for Further Study

The study was only limited to business enterprises in Kirinyaga county. Study area was only limited to specific aspects of accounting information system quality as function of financial performance. The limitations have therefore left room for further research in a more expanded scope by covering the entire country and narrowing into specific sectors as opposed to all the sectors. A longer time period can be considered in future so to establish

the trend in order to ensure consistency. More aspects of accounting information system quality could be studied in future including software acquisition costs, processing power etc in order to obtain in totality the relationship with performance. In future the researcher could consider using a larger sample in order to achieve a much higher precision.

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APPENDICES

Appendix I: Introductory Letter

Stephen Mwangi

Dear Sir/Madam,

RE: A request to conduct a research project in your organization

I am a Kenyatta university student, pursuing a master degree in administration finance option. Currently I am carrying out a research on accounting information systems and financial performance of small and medium enterprises in Kirinyaga County, Kenya. I therefore kindly request you to assist me by filling the questionnaires provided. They will be used as a tool of capturing information in achieving the research objectives. Any data you enter will be kept in strict confidence.

Your faithfully,

Stephen Mwangi

APPENDIX II:QUESTIONNAIRE

SECTION ONE: GENERAL BACKGROUND

Please tick (√)appropriately.

Section ONE:Biodata

1. Kindly indicate your gender? Male Female

2. Kindly indicate your age bracket? 20-30 years 31-40 years
 41-50 years Above 51years

3. What is your highest level of Education?
 Diploma Under Graduate Post Graduate

4. For how long have you worked in your organization?
 Below five years 5 to 10 years more than 10

Section B: Accounting Information Systems Records

5. What’s your agreement when it comes to statements that relate to the effect of accounting information systems records on the SMEs financial performance in Kirinyaga County Kenya? Where Strongly Agree(5) Agree(4) Neutral (3)Disagree (2)Strongly Disagree (1)

Statements	1	2	3	4	5
Our firm keeps electronic records of cash inflows and outflows					
The management of knowledge required for effective company performance relies heavily on record keeping					
Our firm always keeps electronic records of all transactions					

In monitoring the strength and weakness of the transactions, our business employs computerized accounting records.					
There is an electronic record of assets and liabilities in our organization					
There is an electronic record of the income statement in our organization					
There is an electronic record of the tax assessment in our organization					

Section C: Accounting Information Systems Service Quality

6. What do you think about the following assertions about the impact of accounting information systems service quality on SMEs financial performance in Kirinyaga County, Kenya? Where 1Agree (5) 3Agree (4) 1Neutral (3) 3Disagree Strongly1Agree (5)

Statements	1	2	3	4	5
The accounting system in my organization has enhanced efficiency of services offered to the customers					
The accounting system in my organization has enabled my organization serve many customers					
The accounting system in my organization has enabled my organization control costs					
The accounting system in my organization has provided reliable services					
The accounting information systems in my organization has benefited my organization in decision making					

The accounting information systems in my organization has provided flexible services					
The accounting information systems in my organization has aligned all the services					

Section D: Accounting Information Systems Data Quality

7. What’s your agreement when it comes to statements that relate to the effect of accounting information systems data quality on the SMEs financial performance in Kirinyaga County Kenya? Where Strongly Agree (5) Agree(4) Neutral (3) Disagree(2)Strongly Disagree (1)

narrations	1	2	3	4	5
The data base management system in my organization is effective					
The electronic data collecting system in my organization is effective					
The electronic data processing system in my organization is effective					
The accounting information systems in my organization has enhanced data quality					
The employees in my organization have the right skills to enhance the quality of the data					
The employees in my organization have knowledge regarding accounting information systems					

Section E: Accounting Information Systems Quality

8. What’s your agreement when it comes to statements that relate to the effect of accounting systems quality on the SMEs financial performance in Kirinyaga County Kenya? Where Strongly Agree (5) Agree(4) Neutral (3) Disagree(2) Strongly Disagree(1)

Statement/s	1	2	3	4	5
The accounting information systems in my organization has reduced the system errors					
The accounting information system quality has enabled my organization produce quality report					
The accounting information systems in my organization is reliable					
The accounting information systems in my organization is timely					
The accounting information systems in my organization is easy to use					
The accounting information systems in my organization is flexible					
The accounting information systems in my organization is tractable					
The accounting information systems in my organization is secure					

Part F: Financial Performance

9. To what extent does the following aspect of financial performance of small and medium enterprises in Kirinyaga County, Kenya? Where Strongly Agree (5) Agree (4) Neutral (3) Disagree (2) Strongly Disagree (1)

Statements	1	2	3	4	5
Our firm has had an increase in its market share over the years					
The sales revenue in the firm has been on the rise over the years					
The profitability in my organization has increased over the years					
The business operating cash in my organization has increased over the years					

Thank you for your cooperation!

Appendix III: Data Collection Authorization



KENYATTA UNIVERSITY
GRADUATE SCHOOL

3

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 9th March, 2022

TO: Stephen Mwangi
C/o Accounting and Finance Dept.

REF: D53/OL/EMB/26240/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 9th March, 2022 approved your Research Project Proposal for the M.B.A Degree Entitled, "**Accounting Information Systems and Financial Performance of Small and Medium Enterprises in Kirinyaga County, Kenya.**"

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

A handwritten signature in blue ink, appearing to read 'Annbell Mwaniki'.

ANNBELL MWANIKI
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Accounting and Finance.

Supervisors:

1. Dr. John Mungai
C/o Department of Accounting and Finance
Kenyatta University

AM/mo

Appendix IV: NACOSTI Permit

Ref No: 850858

 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

RESEARCH LICENSE



This is to Certify that Mr. Stephen Mwangi of Kenyatta University, has been licensed to conduct research in Kirinyaga on the topic: accounting information systems and financial performance of small and medium enterprises in Kirinyaga county Kenya for the period ending : 04/May/2023.

License No: NACOSTI/P/22/17064

850858

Applicant Identification Number

 Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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