EFFECTS OF ACCOUNTING INFORMATION SYSTEMS ON FINANCIAL PERFORMANCE OF SACCOs IN NYERI

JOHNSON GAKINYA NDEGWA

STEPHEN KING'ORI WAMUTITU

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DECLARATION

We, Johnson Gakinya Ndegwa and Stephen King'ori Wamutitu, do hereby declare that this entrepreneurship project is our own original work and to the best of our knowledge, it has not been presented to any other university for a similar purpose or for any other degree award.

Signature ..... Date 7/12/2023

Johnson Gakinya Ndegwa

Reg. No. BUS-4-4232-22

Signature ..... Date 7-12-23

Stephen King'ori Wamutitu

Reg. No. BUS-4-2422-17

I confirm that the work reported in this entrepreneurship project was carried out by the students under my supervision as the University Supervisor.

Signature ..... Date 7/12/23

Josephine Kariuki

School of Business

Gretsa University

Dedication

We would like to dedicate this research project to our families for motivating us to further our studies. We will remain forever grateful.

Acknowledgement

First, we would like to thank Almighty God for granting us the courage, strength and resources to make it through this course, without Him, nothing would have been possible.

Further, we wish to express our deepest gratitude to our supervisor Josephine Kariuki for her invaluable advice, criticisms and recommendation. Her support, enthusiasm, and guidance, is second to none.

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Abbreviations and Acronyms

APA	American Psychological Association
AIS	Accounting Information System
ARR	Accounting Rate of Return
DTPB	Decomposed Theory of Planned Behavior
GoK	Government of Kenya
IFMIS	Integrated Financial Management Information System
IT	Information Technology
LT - mais	Long Term Management Accounting Information System
MAIS	Management Accounting Information System
MIS	Management Information System
SACCO	Savings and Credit Cooperative Society
SASRA	SACCO Society Regulatory Authority
SDG	Sustainable Development Goals
SMEs	Small and Medium Enterprise
SPPS	Statictical Package for Social Studies
ST-mais	Short Term Management Accounting Information System
TAM	Technology Acceptance Model

Operational Definitions of Terms

1) **Accounting Information Systems** is a data processing system that collects, stores, and processes financial and accounting data.
2) **Budgetary Control Systems;** is a system of organizing expenses including planning budgets, organizing the work of departments, comparing actual output, and acting on the results.
3) **Financial Performance;** This is the Organization's ability to generate income by utilizing available resources.
4) **Financial Reporting Systems;** A reporting system that keeps track of written reports that measure a company's financial status, success, and liquidity.
5) **Inventory management Systems;** A system that records a company's everyday transactions.

Abstract

Financial performance is a critical turning point for prosperity of any financial institution. Many Accounting Information system (AIS) have been adopted and used to ensure effectiveness on financial performance. Currently, most organizations continue to increase spending on information system and their budgets continue to rise. Accounting Information system (AIS) provides financial institutions like SACCOs an orderly, efficient scheme for providing accurate financial information and controls. This normally has effects on the financial performance of an institution, either positively or negatively. This research work sought to examine the effects of accounting information system, on financial performance of SACCOs in Nyeri County. Specifically, the research sought to: establish the effect of financial reporting systems on financial performance of Saccos in Nyeri County; determine the effect of inventory management systems on financial performance of the Saccos in Nyeri County; and find out the effect of budgetary control systems on the financial performance of Saccos, in Nyeri County. The research findings provided knowledge on the financial performance of the SACCOs based on the AIS integration, since AIS effects have not been extensively assessed, the concept of AIS being one of the latest innovations. The research was of key importance to the Saccos as well as other financial institutions in terms of determining the benefits accruing due to the integration of accounting information systems in their operations. A pilot test was conducted to ensure the tool's validity and reliability. Statistical Packages for the Social Sciences version 24 was used to analyze data using descriptive analysis and inferential statistics. Ethics were followed before, during and after the study was completed. Descriptive research design was used in this research whose target population was the over 180 employees of the six (6) SACCOs identified in Nyeri County, where a sample size of 9 employees was sampled per SACCO using stratified random sampling. Data was collected using both secondary and primary data collection methods. Primary data collection tools were self-administered questionnaires, while journals, text books, and internet were used to collect secondary data. Data analyzed was presented using frequency tables, bar charts and graphs. The study concluded that a strong significant relationship exists between financial reporting systems and financial performance of saccos in Nyeri County, Kenya. The study also concluded that there was a strong significant relationship between inventory management systems and financial performance of saccos in Nyeri County, Kenya. The study went further to conclude that a strong significant relationship exists between budgetary control systems and financial performance in Nyeri County, Kenya. As a result of the clear relationships established between variables the study was able to conclude that a clear relationship exists between accounting information systems and financial performance of saccos in Nyeri County, Kenya. The study recommends the Government to develop policies and guidelines that will encourage Saccos to adopt accounting information systems, as well as Institute of Certified Public Accountants of Kenya to offer consultation services to saccos on choosing appropriate accounting systems, financial management and reporting

CHAPTER ONE

Introduction

This chapter presents the background of the study, statement of research problem, purpose of the study, conceptual framework, research questions, objectives of the study and significance of the study.

1.1 Background

A co-operative society is an association of persons united voluntarily to meet their common economic cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The key idea behind a co-operative society is to pool the scarce resources, eliminate the middlemen and to achieve a common goal or interest. Co-operatives are based on seven principles: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among co-operatives and concern for the community (Hans, 2006).

This research work pursued the effects of accounting information system, as one of the innovations that cooperatives are adopting, on financial performance of SACCOs in Nyeri County. First and foremost, whereas accounting itself refers to the process of identifying, measuring and communicating economic information to permit informed and rational decisions, Omonuk (2009). Predicated on the going concept, accounting is the scheme and art of collecting, classifying, summarizing and communicating data of financial nature required to make economic decisions (Cmtis, 1995).

Accounting information is an ingredient in most, if not all, financial managerial decisions. In developed economies, these decisions are worth billions of dollars each year. In some cases, the decisions are lacking in quality (Curtis, 1995). Consequently, if researches can improve decision making through improved information, societies will benefit. Therefore, this research sought to find out the effect of accounting information system on financial performance of SACCOs. In pursuit of the topic mentioned above, this chapter brings forth the introduction to the research work as it tackles the background of the research , the statement of the problem, purpose of the research, research objectives, research questions, the scope of the research in terms of geography, content/variables and time, conceptual framework and eventually the significance of the research.

1.1.1 Accounting Information system

An information system entails infrastructure (physical and hardware components), software, people, procedures, and data (Fitrios, 2016). Infrastructure and software have

less significance, in systems that are manual. Most information systems make use of information technology (IT). A technology that merges computing with high speed communications links carrying data, sound and video. Accordingly, an information system encompasses methods and records that: Identify and record all valid transactions. Measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements. Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period. Present properly the transactions and related disclosures in the financial statements. Azmi and Sri (2020) stresses that protection of information system entails; control of access, audit controls that track servers and programs, and people controls (check level of training and separate employee functions, input controls, and output controls). According to Taiwo (2016), internal control requires that all pertinent information be identified, captured, and communicated in a form and time frame that enable people to carry out their financial reporting responsibilities.

1.1.2 Financial Performance

According to Nyakundi (2014), performance refers to the ability to operate efficiently, profitability, survive, grow and react to the environmental opportunities and threats. In agreement with this, Sunday et al. (2018) asserts that, performance is measured by how efficient the enterprise is in use of resources in achieving its objectives. It is the measure of attainment achieved by an individual, team, organization or process. Performance refers to the capacity to work successfully, profitably, to thrive, to evolve and to adapt to environmental opportunities and threats (Hanoon, Khalid, Rapani, Aljajawy & Al-Waeli, 2021). As a result of applying accounting information systems, the Saccos may be able to have adequate capital. This may be as a result of elimination or reduction of wastage of resources and loss due to errors, also through the reduction of fraud not only in their day-to-day business operations but also in totality. This may lead to more increased confidence by their members, thus encouraging them to deposit more of their incomes with their Saccos. The ultimate goal that will be realized will be increased profits at the end of each financial year (Bhunia, Mukhuti & Roy, 2015). Also, the outcome of effective accounting information system will be reduced costs of operations. Revenues will be recorded properly with reduced leakages. Increased revenue growth and reduced costs leads to improved profitability performance (Fullerton & Wempe, 2019). Members will enjoy increased dividend pay outs. The value of shares of members will increase. Further, it leads the management of Saccos

to be more accountable to their members' resources. By placing specific roles and responsibilities to every official members of their board of directors, the management team and other employees, a better administration structure will be realized. And it would be easy for each office holder to be held accountable in the event either any mismanagement if noted or misappropriation of financial resources hence adequate capital, savings mobilization and increased profits. Sethibe and Steyn (2016) mention accounting based performance using three indicators: return on assets (ROA), return on equity (ROE), and return on sales (ROS). Each measure was calculated by dividing net income by total assets, total common equity, and total net sales, respectively. According to Kotler (2016), strong performer firms are those that can stay in business for a good number of years. Nyakundi (2014) also found out that, the ability of a firm to survive in business in an indicator of good financial performance.

1.1.3 Accounting Information Systems and Financial Performance

Accounting Information Systems use organization's financial data combined with accounting techniques using technology to record, analyse, and submit financial statements, thus impacting an organization's performance (Grande, Estebanez & Colomina 2010). In principle, allocating more resources in information technology can result in significant long-term benefits for an enterprise as a whole (Odero, 2014). The relationship between accounting information systems and performance measurements has received little attention in the literature (Amyx, 2005). Some researchers have found a connection between AIS and performance measures. Today's contemporary business environment necessitates managers to consider more advanced management strategies aimed at improving decision making in organizations as a result of the ever-growing need for business development, growth, and expansion.

The strategies are designed to sustain businesses in the face of rapid technological advancements, increasing customer awareness, and challenging customer demands. A report by National baseline survey pointed out that investment in AIS have widened the scope of operation for SACCOs in Kenya, allowing them to save time dealing with customers and general administration while also lowering operating costs. Given the scarcity of studies, it is crucial to analyse the effect AIS has on SACCOs. This will create their competitive advantage and solid financial performance.

1.2 Statement of the Research problem

SACCOs not only have a part to play in the provision of financial services, but they also have a part to play in the accomplishment of development objectives. In spite of

tremendous efforts made by the government, SACCOs have not contributed as they are supposed to, to the achievement the Sustainable Development Goals (SDGs) and vision 2030 goals of expanding access to financial services. The Saccos in Kenya have exhibited poor financial performance, as indicated by the SASRA report (2020), as it is clear that the average growth rates of the Deposit Taking have continued to shrink over the course of the three (3) years comparative period, resting with an average growth rate of 5.23% in the year 2020.

If the current trend continues, then the market share of Deposit Taking - SACCOs is expected to drastically decrease, which is likely to harm both their capacity to compete and their ability to remain sustainable. The Deposit Taking SACCOs recorded the lowest growth rates across the three (3) year periods, with 8.69% in 2017/2018, 7.64% in 2018/2019, and sitting at a low of 7.51% in 2019/2020. These were the lowest rates reported over all three years.

In addition, based on the inspection report compiled by the SACCO Societies Regulatory Authority SASRA (2018), it was indicated that poor performance of SACCOs in Kenya have been caused by mismanagement, fraud, corrupt practices, and creative accounting tactics to cover up poor performance. This led to various sanctions being undertaken including the revocation of licenses, the de-registration of some of the SACCOs, and others being put on a watch list.

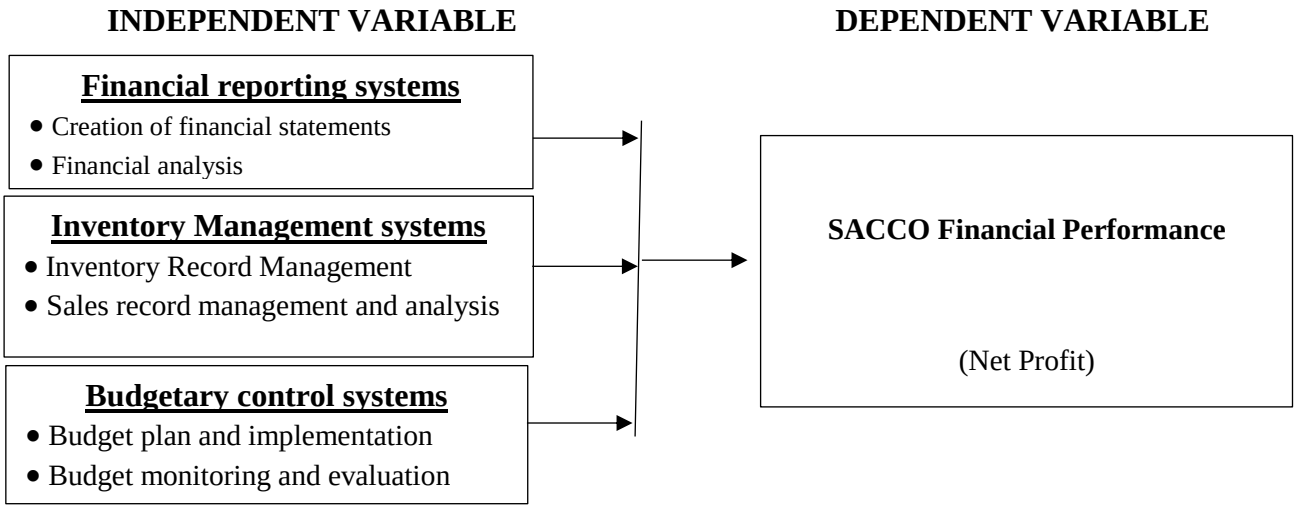
However, there are very few studies, if any at all, that have evaluated the effect of accounting information systems on financial performance of deposit taking Sacco's in Kenya (Chang, 2019; Masanja, 2018; Lakis, 2012). Several studies have established the significance of internal control systems in the operations of organizations (Chang, 2019; Masanja, 2018; Lakis, 2012). The purpose of this research is determine the effect of accounting information system on financial performance of Sacco’s in Nyeri County, Kenya.

1.3 Purpose of the Study

The purpose of this study was to establish how AIS affects the financial performance of SACCOs which helps management in decision making and thus ensuring their survival in the business environment. The research study was also to enhance the knowledge of financial analysis and forecasting that will spur expansion of business and growth of SACCOs. The research further expounded on studies by Otley, Marriot and Marriot on adoption of accounting information system.

1.4 Conceptual Framework

Conceptual framework is a hypothesized model identifying the model under study and the relationship between the dependent and independent variables (Mugenda & Mugenda, 2003). In this study, the independent variable was the accounting information system and the dependent variable was the financial performance of Saccos as indicated in the figure 1.



Source: *Researcher (2023)*

Figure 1: Conceptual Framework

Financial performance is the dependent variable, whereas financial reporting systems, inventory management systems, and budgetary control systems are the independent variables, as shown in the figure above. This means that net profit will be used used to determine the financial performance of SACCOs, which is dependent on financial reporting systems, inventory management, and budgetary control systems.

1.5 Significance of the research

An accounting Information system is an orderly, efficient scheme for providing accurate financial information and controls. Regulatory requirements and internal administration policies are key considerations in the design of an effective accounting system. Thus, accounting systems show the books, records, voucher, and files and related supporting data resulting from the application of the accounting process. It involves the design of documents and transactions flow through the institution. The research is of key importance to the Saccos as well as other financial institutions in terms of determining the benefits accruing due to the integration of accounting information systems in their operations. This can enable financial institutions in

gauging the model in terms of enhancing financial efficiency and effectiveness. The research is useful to other researchers interested in the problem under investigation as it lays a platform on which further studies related to the subject can be undertaken.

1.6 Objectives of the Research

1.6.1 General objective

To determine the effect of accounting information system on financial performance of Sacco's in Nyeri County, Kenya.

1.6.2 Specific objective

The specific objects of this research were:-

1) To establish the effect of financial reporting systems on financial performance of Saccos in Nyeri County;
2) To determine the effect of inventory management systems on financial performance of the Saccos in Nyeri County
3) To find out the effect of budgetary control systems on the financial performance of Saccos, in Nyeri County

1.7 Research Hypothesis

H_{01}: There is no significant relationship between financial reporting systems and financial performance of Saccos in Nyeri County, Kenya.

H_{02}: There is no significant relationship between inventory management systems and financial performance of Saccos in Nyeri County, Kenya.

H_{03}: There is no significant relationship between budgetary control systems and financial performance of Saccos in Nyeri County, Kenya.

1.9 Limitations of the research

The study used purposive sampling procedure thus limiting the generalization of findings to counties that don't have similarities with Nyeri.

2.0 Assumptions

i. The instruments that were used in data collection elicited reliable responses.
ii. The respondents fully understood the questions they were asked.
iii. The respondents provided honest expressions of their knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides literature from previous studies on the effect of accounting information systems and financial performance of an organization. It also covers research studies on the effects of financial reporting systems, inventory management systems, and budgetary control systems on financial performance, as well as theoretical frameworks. Finally, the chapter includes a summary of the literature review as documented by some scholars and the research gap.

2.2 Theoretical framework

The study was anchored on three theories: the technology acceptance model, the decomposition theory of planned behaviour, and agency theory.

2.2.1 Technology Acceptance Model

The Technology Acceptance Model (TAM) was proposed by Davis, (1986). This model describes why people acknowledge or dismiss technology advancement., where he identified two distinctive beliefs relating to information systems and generally accepted computer applications: the innovation's perceived usefulness and simplicity of use. He noted there was a link between the adoption of innovation and perceived convenience, the usability of progress, the individual inclination towards innovation and the user's behavioural intentions. TAM is used to study user acceptance of various information systems.

In this study, TAM will explain why SACCOs adopt accounting information systems, as it suggests that the growth (performance) forces SACCOs to embrace more effective and innovative technological solutions to achieve their business goals of realizing maximum profits. SACCOS are likely to adopt AIS if it is perceived as easy to use.

2.2.2 Decomposed Theory of Planned Behavior

The Decomposed Theory of Planned Behavior (DTPB) was created by combining the technology acceptance model and the theory of planned behavior (Azjen, 1988). Its goal was to improve understanding of behavioral intents by focusing on the aspects that can impact system use. According to the Theory of Planned Behavior (TPB), people intend to behave in a specific way, like adopting AIS, under influence of three major categories of factors: attitude, social circle, and perceived degree of control (Azjen, 1988).

In this study, AIS is considered an innovation, which is more beneficial than the manual accounting system. AIS helps by improving the organization's performance, easing the workload, performing tasks faster, and minimizing errors. As a result, the willingness of SACCOs to adopt AIS can be affected by their current needs, such as improving efficiency.

2.2.3 Agency Theory

Agency theory refers to the relationship between agent, who is contracted by the principal (owner) for the former to act on behalf of the principal. It suggests that an agent will act to protect and progress the interests of their principal. According to this theory, when agents prioritize their personal interests over the interests of the principals, they may engage in activities that profit them at the expense of the owners. As a result, the profitability and overall performance of the Saccos will suffer. In this study agency theory will explain the management's interests where their primary role is implementing AIS in the Sacco, which should be aligned with the principal's objectives. The primary goal of a SACCO is to maximize shareholder wealth. This aim is the responsibility of the managers. As a result of managers' usage of accounting information systems, the SACCO's profitability rises, and managers' organizational obligations to their respective shareholders are fulfilled.

2.3 Empirical Review

The effects of innovations on firms' performance, according to a study by Gunday, Ulusoy, Kilic & Alpkan (2011), sought to explore the effect of the organizational, process, product and marketing innovations on the different aspects of firms' performance including innovative, production, market and financial performances, based on an empirical study covering 184 manufacturing firms in Turkey. The results revealed positive effects of innovations on firm performance in manufacturing industries.

An empirical study by Lin and Chen (2007) on SMEs in Taiwan found out that firm innovation capabilities have greater influence on business performance, marketing performance and ultimately influence on financial performance. Tabas & Beranova (2012) sought to determine possible effect of product innovations on the financial performance of small and medium-sized enterprises in the Czech Republic. From the results of their pilot study of statistical sample of 100 companies, it was evident that continuous innovations are necessary.

In his study on determinants of financial innovation and its effects on bank performance in Kenya, using exploratory research design on a sample of 43 commercial banks in Kenya for a six year period from 2002-2007, Kihumba (2008) sought to investigate the relationship between financial innovations and financial performance of commercial banks, together with the determinants of financial innovation. The study found out that heavy competition and technology are the major drivers of financial innovation.

In her study, Njeri (2013) sought to establish effects of financial innovation on the financial performance of deposit taking SACCOs in Nairobi County. The study revealed that there is a positive relationship between financial innovation and financial performance. The study was faced with challenges in terms of the financial constraints and also availability of time to fully conclude the entire data collection

2.4 Research Gaps

Only a few researches have looked at the impact of Accounting Information systems on Saccos' financial recording and financial performance. Syam (2018) studied the association between the characteristics of management accounting information systems and managerial performance in Aceh province banks. Accounting information systems (AIS) were studied by Christina (2013) to see if they may mediate the link between accounting function knowledge, perceptions of uncertainty in the environment, and managerial performance. When comparing the results of AIS and MIS to the results of MAIS, it is challenging since the former works with financial data, whereas the latter deals with non-financial data. As a result, this study intends to examine the impact of AIS on the financial performance. According to the findings of Nicolaou (2010), a study on the perceived effectiveness of accounting information systems showed that the effectiveness of organizational coordination and control was directly linked to the accounting systems in use. As an alternative, Samuel (2013) noted in his findings that excellent performance in automobile firms in Kenya is not inherently related with a sophisticated Management Accounting System. There is no direct association between management accounting information systems and firm performance, according to Christina (2013), despite her conclusion that MAIS mediates the relationship between accounting function expertise and performance. Only Okeyo (2018) found a positive correlation between operational efficiency and accounting information systems. His research does not include any mention of financial results.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the research methodology that was used in the research. It is divided into eight sections; Introduction, Research design, Target Population, Sampling and sample size, Data collection procedure and Instruments, Pilot test, and Data Processing and analysis.

3.2 Research design

The descriptive research design was used in carrying out this research. A descriptive study is designed to establish the influence of a given variable(s) on another variable(s) which depicts causation (Cooper and Schindler, 2006). Descriptive research is typically structured with a clearly stated objective of discovering associations and relationships among different variables. This research design suited this study since it involved collection, verification, and interpretation of evidence to establish facts that address the relationship of the variables. The descriptive research design is unobtrusive and the act of research does not affect the results of the study. This was well suited for cross sectional analysis and in this research, it involved comparing financial results of Saccos with their innovation parameters. The researcher used primary sources of data. Data was obtained from members of staff of the six well known Saccos using a structured questionnaire.

3.3 Study Area

The research was conducted in Nyeri County which is found in Central Kenya and it lies at 1644 meters above sea level with a monthly range of temperatures between 12.80C and 20.80C and an annual rainfall of 1,200mm-1,600mm in the long rains and 500mm-1500mm in the short rains. The main agricultural activities in Nyeri County are cash crop farming of coffee and tea and horticultural farming of flowers and vegetables. Nyeri County has had an increase in the number of SACCOs and this study focused on sampled SACCOs distributed across the sub-counties of the Nyeri county.

3.4 Target population

According to Ngechu (2004) as cited by Wanyoike (2013), a population is a well-defined set of people, services, elements, events and group of things or households that are being investigated. The target population comprised of 6 registered SACCOs in Nyeri county, all operating different branches within the County. On average, each SACCO's has at least 30 employees, thus making a total of 180 employees. Thus, the

study sampled 30% of the total population (180), where at least 9 members of staff per the six Saccos were identified, (Taifa, Wananchi, Biashara, New Fortis, 2NK and Wakulima Sacco, thus making a total sample size of 54 members of staff targeted

3.5 Sampling Technique and sample size

In this research, stratified sampling method was employed in selecting the sample size. The researcher first divided the population into strata, and then applied simple randomly sampling in selecting the subjects from the sample (Mugenda and Mugenda, 2003). A sample of fifty four (54) members of staff comprising of 2 top manager, 5 middle level managers and 2 subordinate staff was used, per each of the six (6) Saccos, making a total of 54 respondents. This encompassed the accounting staff/tellers, support staff and managers of SACCOs who either do the recording and/or even use the same information generated as a result of accounting information system.

3.6 Data collection methods and procedures

In collection of data, this research employed a structured questionnaire consisting of closed-ended questions for ease of analysis. A questionnaire refers to a set of deliberate and structured questions which are intended to elicit an honest expression, from the respondent. This research employed primary data that was collected through the use of a structured questionnaire circulated to the randomly sampled members of management and staff of the targeted Saccos.

3.7 Pilot Testing for data validity

To ensure that the research instrument was valid, reliable, clear and free from errors, the researcher conducted a pilot study on selected members of the Saccos. The questionnaire was tested on members of the society since they are not expected in the actual study.

3.8 Data Analysis and Measurement of Variables

The data was analyzed quantitatively using descriptive statistics and other statistical tests for hypothesis testing. Analysis on exploring the effects of AIMS on financial performance of SACCOs in Nyeri County was completed using descriptive statistics. The data collected was on ordinal scale. Consequently, the measures of descriptive statistics included mean and mode. The results were presented in tables and graphs as shown in table

Table 1: Data Analysis Methods

Research Objective	Scales of Measurement	Analysis Methods
1	Nominal, Ordinal	Descriptive Statistics (Mode, frequency tables)
2	Ordinal	Ordinal Regression Analysis, Correlation analysis
3	Nominal, Ordinal	Descriptive Statistics (Mode, frequency tables)

In determining the relationship between the dependent and independent variables the analysis used regression analysis. Ordinal regression analysis was used since the data collected was ordinal in measurement. Consequently, the data was analyzed using descriptive statistics mainly mode.The quantitative data was then coded on SPSS software and data analyzed by use of descriptive and inferential statistics. Descriptive analysis involved use of means and standard deviations while inferential analysis involved use of correlation and multiple regression analysis. Data presentation was made in form of tables, bar charts, and histograms (Cooper and Schindler, 2006).

3.9 Logistical and Ethical Considerations

The researcher ensured that respondents participated on the basis of informed consent and were provided with sufficient information and assurances about taking part to allow individuals to understand the implications of participation and to reach a fully informed, considered and freely given decision about whether or not to do so, without the exercise of any pressure or coercion. Acknowledgement of works of other authors used in any part of the research was done, using APA referencing system. Finally, highest level of objectivity in discussions and analyses throughout the research were maintained.

CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

Based on the study objectives, this chapter provides research findings and discussions. The study's main objective was to determine the effect of accounting information systems on financial performance of Saccos in Nyeri County, Kenya. The research study was organized around the study's objectives, which was to establish the effect of financial reporting systems, inventory management systems, and budgetary control systems on the financial performance of Saccos in Nyeri County, Kenya. The responses were tabulated and analyzed into frequencies, percentages, mean, and standard deviation

4.2 Analysis of Response Rate and descriptive statistics

4.2.1 Response Rate

Saccos employees comprising of 2 top manager, 5 middle level managers and 2 subordinate staff from the target Saccos were the study's participants. They completed and submitted the questionnaires as shown in Table 2.

	Frequency	**Percentage**
Response	49	90.7
Non response	5	9.3
Total	**54**	**100**

Source: Survey Data (2023)

Table 2: Instrument Response

According to the findings, the response rate was 90.7 percent, which Mugenda (2008) considers appropriate for analysis. The high response rate was achieved due to researcher's efforts to closely monitor the data collection process and establishing a good rapport with the respondents.

4.2.2 Reliability Statistics

Cronbach's alpha was used to assess questionnaire reliability. The alpha values for financial reporting systems, inventory management systems and budgetary control systems were 0.967, 0.966, and 0.952, respectively. The alpha value for financial performance was 0.944, and the scale combination was 0.988, indicating that

it is a sound and trustworthy metric. Table 3 summarizes the findings.

Variables	**Cronbach's alpha**	**Items**
Saccos financial performance	0.944	4
Financial reporting systems	0.967	6
Inventory management systems	0.966	5
Budgetar y control systems	0.952	6
Scale combination	0.988	21

Source: Survey Data (2023)

Table 3: Reliability Statistics

4.3 Descriptive Statistics

Descriptive statistics are a set of statistical techniques used to summarize and describe the main features of a dataset. These statistics provide a concise and meaningful overview of the essential characteristics of a data sample, making it easier to understand and interpret the information it contains.

4.3.1 Background Information

The position of the respondent, level of education, professional qualifications, years of service in the industry of the respondents were the focus of the background information. The respondents' general information is presented in Table 4.

Variable	Frequency	Percentage
Position		
Manager	12	24.5
Accountant	10	20.4
Auditor	8	16.3
Others	19	38.8
Total	**49**	**100**
Level of Education		
A-Level	2	4.1
KCPE	0	0.0
KCSE	1	2.0
Diploma	11	22.4
Graduate	32	65.3
Postgraduate	3	6.1
Total	**49**	**100**
Professional qualification		
CPA (Certified Public Accountant)	12	24.5
CISA (Certified Information System Audit)	6	12.2
CFE (Certified Fraud Examiner)	6	12.2
Any other	22	44.9
No other	3	6.1
Total	**49**	**100**
Years of service		
1 – 5 yrs	7	14.3
6 – 10 yrs	10	20.4
11 – 15 yrs	14	28.6
16 – 20 yrs	13	26.5
Over 20 yrs	5	10.2
Total	**49**	**100**

Source: Survey Data (2023)

Table 4: Background information of Respondents

Table 4 shows that over 60% of the respondents were in senior or mid-level management (Managers - 24.5%, Accountants - 20.4% and auditors - 16.3%) and as regards respondents' level of education and professional qualifications, all were literate and they could therefore read and answer the questionnaires, as well as interpret business records.

This further implies that the respondents were conversant with the accounting information management systems and more likely to adopt computerized accounting systems. Additionally, majority of the respondents felt that they were very competent in accounting since only 93.9% had professional training relating to accounts and auditing. Besides, the majority had over 16 years of experience in the industry, thus very conversant with the industry.

The background information of Saccos focused on their size based on the number of staff and the period of time that they have been operating the business. The general information of the Saccos, is presented in Table 5.

Variable	**Period of operation**	**Items**
Sacco Name	**Years**	
Taifa	49	1
Biashara	33	1
Wananchi	31	1
Wakulima	20	1
2NK	29	1
New Fortis	47	1
Total		**6**
Number of staff per branch		
Taifa	41	1
Biashara	29	1
Wananchi	27	1
Wakulima	32	1
2NK	30	1
New Fortis	21	1
Total	**180**	**6**

Source: Survey Data (2023)

Table 5: Background information of Saccos

The study found that all the Saccos studied meet KRA definition of a small and medium size organization or enterprise that hires between10-99 employees. The majority of Saccos have been in operation for more than 30 years, indicating that they are knowledgeable about Saccos operations and different accounting aspects that may affect financial performance.

4.3.2 Financial Reporting Systems and Saccos Financial Performance

The first objective of the study was to establish the effect of financial reporting systems on Saccos' financial performance in Nyeri County. The respondents were questioned whether they used computerized financial reporting systems in their business. Table 6 summarizes the findings.

Responses	Frequency	Percentage
Yes	49	100
No	0	0
Total	**49**	**100**

Source: Survey Data (2023)

Table 6: Responses on Use of Financial Reporting Systems

The findings show that all the Saccos (100%) used computerized financial reporting. With the volume of data that the Saccos deal with, computerized systems make it easier to manage big data, and tracking all the transactions per customer per day. With the system, it is easier to retrieve financial records such as loan portfolios, repayments, profits, debts and credits. Computerized financial reports also make it easier to file taxes. Respondents were also asked to tick on the extent to which they agree or disagree with the listed statements regarding the effect of financial reporting systems on financial performance. The findings are summarized in Table 7

Key: Strongly Agree (1), Agree (2), Not Sure (3), Disagree (4), Strongly Disagree (5), Mean (M), Standard deviation (STD)

Statements	1		2		3		4		5		M	STD
	F	%	F	%	F	%	F	%	F	%		
The design and implementation of accounting information system improve the quality of financial reports	24	49	17	35	5	10	2	4	1	2	1.83	1.172
Managers make appropriate decisions based on formal financial transaction processes	24	48	10	20	6	13	2	4	7	15	2.19	1.460
Information technology makes financial reporting more factual, practical and better	25	49	11	23	3	7	3	7	6	13	2.09	1.410
A computerized financial reporting system has high likelihood of high productivity.	26	53	8	17	6	13	3	7	5	10	2.06	1.384
Accounting systems are important for timely production of high-quality financial data.	30	60	10	21	5	11	2	5	2	4	1.97	1.474

N= 49

Source: Survey Data (2023)

Table 7: Responses on Effect of Financial Reporting Systems on Financial Performance

The respondents agreed that accounting information systems design and implementation improve the quality of financial reports (M=1.83, STD=1.250), formal financial transaction processes lead to appropriate managerial decisions (M=2.19, STD=1.460), information technology makes financial reporting more factual, practical, and better (M=2.09, STD=1.410), a computerized financial system has a high likelihood of high productivity (M=2.06, STD=1.384), and accounting information systems design and implementation improve the quality of financial reports (M=1.97, STD=1.474). This means that, while all the Saccos in Nyeri have employ computerized financial reporting, the users are well aware of the advantages that come with using financial reporting systems. Findings concur with Suhail (2019) that a company with better financial reporting system enjoys a high level of performance and that a sound financial reporting system is also linked with better performance.

4.3.3 Inventory Management Systems and Saccos financial performance

The second objective was to determine the effect of inventory systems on the financial performance of Saccos in Nyeri County, Kenya. The respondents were asked whether they employ computerized inventory systems in the Saccos. The findings are summarized in Table 8

Responses	Frequency	Percentage
Yes	38	77.6
No	11	22.4
Total	**49**	**100**

Source: Survey Data (2023)

Table 8: Responses on Use of Inventory Management Systems

Findings show that 77.6% of the respondents employed computerized inventory management systems. However, of the 22.4%, disclosed to have a hybrid of both computerized and manual inventory system. For those who are using computerized inventory management systems were of the opinion that it helps them to know the financial position of their enterprises. Computerized inventory management system, also helps to reduce operating expenses and enhances efficiency and productivity.

Respondents were then asked to mark how much they agreed or disagreed with the statements on the effect of inventory management systems on financial performance. The findings are summarized in Table 9.

Key: Strongly Agree (1), Agree (2), Not Sure (3), Disagree (4), Strongly Disagree (5), Mean (M), Standard deviation (STD)

Statements	**1**		**2**		**3**		**4**		**5**		**M**	**STD**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**		
I always keep soft copies of records for accountability	21	42	11	25	7	13	5	10	5	10	1.93	1.350
Sound accounting records facilitate decision making	29	60	10	19	3	7	5	10	2	4	1.85	1.311
My SACCO has effective accounting records and procedures	10	23	29	58	3	6	4	7	3	6	2.13	1.034
Keeping proper records helps the manager to know the performance of the SACCO	30	62	9	17	4	8	5	11	1	3	2.09	1.410

N= 49

Source: Survey Data (2023)

Table 9: Responses on Effect of Inventory Management Systems on Financial Performance

The most of respondents agreed that they always keep soft copies of their records for accountability (M = 1.93, STD = 1.350), that sound accounting records facilitate decision making (M = 1.85, STD = 1.311), that their Saccos have effective accounting records and procedures (M = 2.13, STD = 1.034), and that keeping proper records helps the managers to know the performance of the sacco (M = 2.13, STD = 1.034). This implication is that, in as much as some of the saccos are to an extent using the manual inventory management system, all the respondents agreed that computerized inventory is essential in a Sacco and it enhances business financial performance.

To establish whether there was a statistically significant difference in financial performance between Saccos that used computerized inventory systems and those that partially did, a t-test was conducted. It was determined that there was a statistically significant difference between the two($F(1,173) = 174.29$, $p = .000$).

4.3.4 Budgetary Control Systems and Saccos Performance

The third objective was to find out the effect of budgetary control systems on Saccos' financial performance in Nyeri County. The respondents were questioned if they use budgetary control systems in their Sacco.

Table 10 summarizes the findings.

Responses	Frequency	Percentage
Yes	45	92.6
No	4	7.4
Total	**49**	**100**

Source: Survey Data (2023)

Table 10: Responses on Use of Budgetary Control Systems

According to the findings, most of the respondents (92.6%) indicated that their saccos use budgetary control systems. This implies that saccos in Nyeri have adequate capacity to adopt and implement budgetary control systems. Budgetary control systems make it easy to monitor the financial spending.

Further, the respondents were asked to tick on the extent to which they agreed or disagreed with the following assertions about the effect of budget control systems on financial performance of their saccos, and the Table 11 below summarizes the findings.

Key: Strongly Agree (1), Agree (2), Not Sure (3), Disagree (4), Strongly Disagree (5), Mean (M), Standard deviation (STD)

Statements	1		2		3		4		5		M	STD
	F	%	F	%	F	%	F	%	F	%		
An appropriate system for budgetary control helps to prepare the SACCO budgets	28	57	10	19	3	6	4	8	4	8	1.92	1.324
Budgetary control systems help to point critical financial measures for the SACCO and how and when to monitor them	30	60	9	16	5	11	3	8	2	5	1.19	3
Using the management by exception principle, budgetary control saves management time	27	54	10	20	7	14	3	7	2	6	1.20	9
The official and strong control techniques of control for the budgetary process improves SACCO performance	20	40	10	20	9	18	5	10	6	12	1.41	0
Budgetary control systems help to interpret budgets and performance measurement	10	21	28	56	5	10	2	5	4	8	2.23	1.090

N= 49

Source: Survey Data (2023)

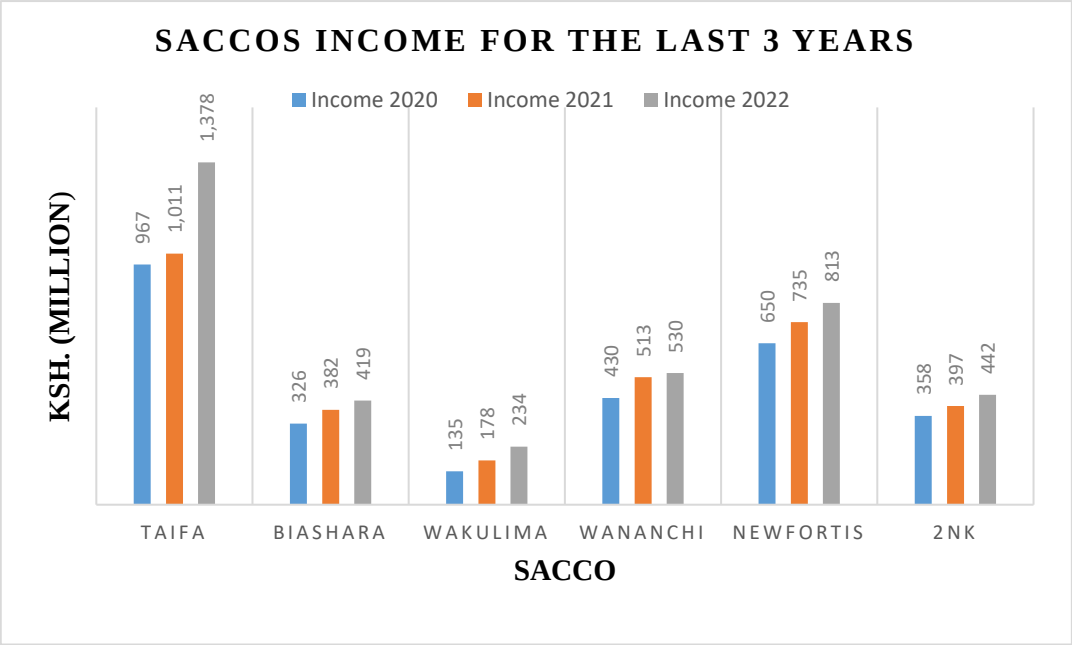
Table 11: Responses on Effect of Budgetary Control Systems on Financial Performance

Majority of the respondents, according to the findings in Table 11, agreed that: an appropriate system of budgetary control helps to prepare budgets (M=1.92, STD=1.324), that budgetary control systems help to point out critical financial measures for the Sacco, how and when to monitor them (M=1.82, STD=1.193). Further, they agreed that budgetary control economizes management time by using the management by exceptional principle (M=1.91, 51 STD=1.209), and the official and strong control techniques of control for the budgetary process improves sacco performance (M=2.35, STD=1.410) and budgetary control systems help to interpret budgets and performance measurements (M=2.23, STD=1.090). The implication is that the respondents, who are employees of the saccos are knowledgeable on budgetary control which enhances saccos' financial performance, which makes it easier to track expenditure.

There was a significant statistical difference (F (1,173) = 71.73, p =.000). in the financial performance of the Saccos that use budgetary control systems and those that did not.

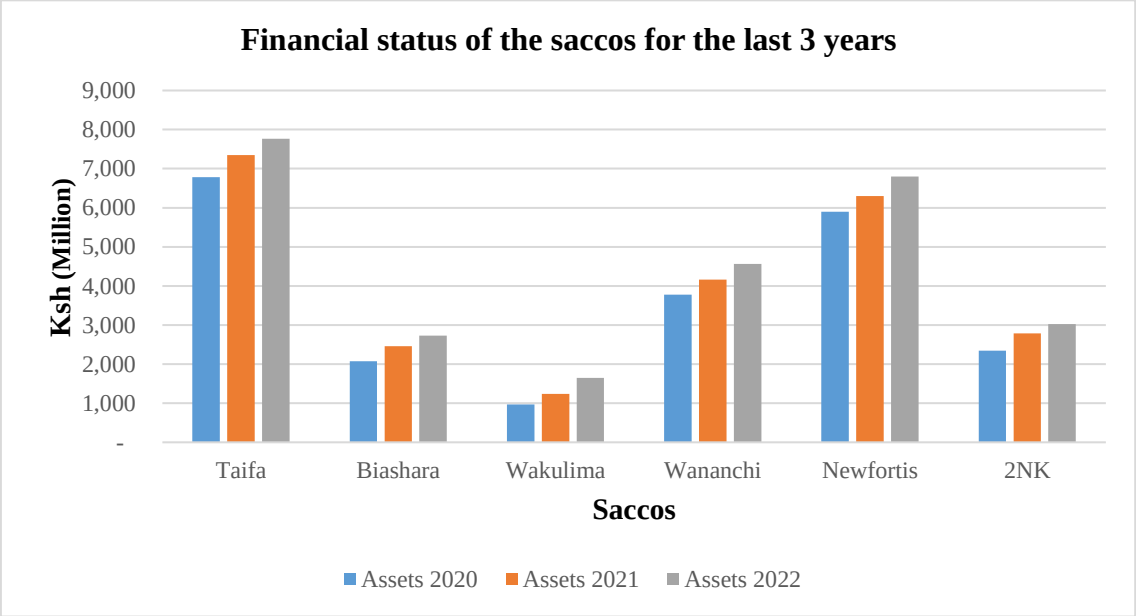
4.3.6 SACCOs Financial Performance

In order to establish the financial performance of the Sacco, the respondents were asked to provide the details of their financial performance for the last three financial years. The graph in figure 3 below illustrates the findings.



Source: Survey Data (2023)

Figure 2: Financial Performance of Saccos for the last 3 years



Source: Survey Data (2023)
Figure 3: Financial Status of Saccos for the last 3 years

Figures 3 and 4 indicated that the Saccos in Nyeri have steadily been recording profits as well as asset base. However, most respondent were disagreeing to this fact once they were further asked to check whether they agreed or disagreed with a statement about their Sacco's financial performance. Table 12 summarizes the findings.

Key: Strongly Agree (1), Agree (2), Not Sure (3), Disagree (4), Strongly Disagree (5), Mean (M), Standard deviation (STD)

Statements	**1**		**2**		**3**		**4**		**5**		**M**	**STD**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**		
The SACCO has been recording increased profits	2	5	5	10	7	14	23	46	12	25	3.77	1.102
The SACCO has been recording increased revenue	3	7	5	11	8	16	21	43	12	23	3.62	1.172
The SACCO has been recording increased market share	23	49	12	25	6	11	5	10	3	5	1.98	1.208

N= 49
Source: Survey Data (2023)
Table 12: Saccos' Financial Performance

The Table 12 above shows that the majority of respondents (M = 1.83, STD = 1.250) disputed that their sacco has been earning greater profits. However, the majority of respondents (M = 1.98, STD = 1.208) agreed that their sacco has been increasing their market share.

4.4 Correlation Analysis

4.4.1 Coefficient of Correlation

The study employed the Karl Pearson's coefficient of correlation (r) to determine the relationship between the study variables and to assess the study hypothesis. Table 13 summarizes the findings.

Variables		Financial Performance	Financial Reporting Systems	Inventory Management system	Budgetary Conrol System
Financial performance	Pearson Correlation Sig. (2-tailed)	1			
Inventory Management System	Pearson Correlation Sig. (2-tailed)	.708** .000	1		
Financial reporting Systems	Pearson Correlation Sig. (2-tailed)	.730** .000	.932** .000	1	
Budgetary control Management Systems	Pearson Correlation Sig. (2-tailed)	.541** .000	.403** .000	.432** .000	1

**. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data (2023)

Table 13: Coefficient of Correlation

Table 13 reveals a strong significant statistical relationship between Inventory management systems and financial performance (r = 0.708, p-value = 0.000), a strong significant relationship between financial reporting systems and financial performance (r = 0.730, p-value = 0.000), and a moderate significant relationship between budgetary control systems and financial performance (r = 0.541, p-value = 0.000). The null hypothesis is thus rejected because there is sufficient evidence to show that accounting information systems (financial reporting systems, inventory management systems and budgetary control systems) and the financial performance of Saccos in Nyeri County have a statistically significant relationship.

4.4.2 Analysis of variance

An analysis was carried out to see if there is a linear relationship between accounting information systems and Saccos' financial performance. Table 14 summarizes the findings

Model	Sum of Squares	Df	Mean	F	Sig
1 Regression	128.367	4	32.092	65.708	.000b
Residual	83.028	170	.488		
Total	211.394	174			

Predicators: (constant) Financial reporting, Inventory management, Budgetary control, Dependent variable: Financial Performance
Source: Survey Data (2023)
Table 14: Analysis of Variance

The model was significant (p-value = 0.000) at the 0.05 level in explaining the linear relationship between the study variables, as shown in Table 14. Furthermore, the F statistic is significantly greater than 1, indicating that the model is suitable for assessing the relationship between independent and dependent variables.

4.4.3 Coefficient of Determination

The coefficient of determination was calculated to see how well the statistical model can forecast future outcomes. The model summary is shown in Table 15.

Model	R	r^2	Adjusted r^2	Std. Error of the Estimate
1	0.779	0.607	0.598	0.699

Predicators: (constant) Financial reporting, Inventory management, Budgetary control
Source: Survey Data (2023)
Table 15: Coefficient of Determination

The adjusted R squared reflects the changes in the independent variable due to changes in the dependent variables, as shown in Table 15. The R squared is 0.607, indicating a change of 60.7% owing to changes in financial reporting systems, inventory management systems, and budgetary control systems at a 95% confidence level, based on the results in Table 15. This indicates that the study's independent variables account for 60.7% of Sacco's financial performance, while additional variables not examined in this study account for 39.3%.

4.4.4 Multiple Regression

To further understand the relationship between the study variables, the researcher used a multiple regression analysis. Table 16 summarizes the findings.

Table 16: Regression of Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig
Constant/Y Intercept	.611	.276		2.217	.028
Financial reporting systems	1.194	.297	.535	4.022	.000
Inventory management systems	.442	.298	.085	.628	.001
Budgetary control systems	.813	.170	.289	4.782	.000

Dependent variable: Financial performance

As per the SPSS generated in Table 16, the equation,

$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3$

Becomes;

$Y = 0.611 +1.194X_1 + 0.442 X_2 + 0.813X_3$

Where;

Y=Financial performance

X_1=Financial reporting systems

X_2=Inventory management systems

X_3=Budgetary control systems

Using the aforementioned regression model, Saccos financial performance would be 0.611 if financial reporting systems, inventory management systems and budgetary control systems, and were held at a constant zero.

Financial Reporting Systems has a positive statistical beta coefficient (β=1.194, p=0.000). This infers that financial reporting systems has significant effect on financial performance of Saccos. Financial reporting system assist Saccos in improving the quality of their financial reports which will in turn lead to better managerial decisions which will affect the performance of a Sacco.

Inventory management Systems has a positive statistical beta coefficient (β = 0.442, p = 0.001) meaning inventory management systems has a significance on the financial performance of Saccos in Nyeri County, Kenya. Inventory management systems is critical in Saccos and directly determines the performance of a Sacco.

Budgetary Control System has a positive statistical beta (β=0.813; p=0.000). This shows that budgetary control systems have a significant effect on financial performance of Saccos in Nyeri County, Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the researcher's summary of findings, conclusion, suggestions or recommendations and areas of further research.

5.2 Summary

The overall goal of this study was to determine how accounting information systems affected Saccos' financial performance in Nyeri County. The study's specific objectives were to establish the effect of financial reporting systems on the financial performance of Saccos in Nyeri County; determine the effect of inventory management systems on financial performance of Saccos in Nyeri County; and to find out the effect of budgetary control systems on the financial performance of Saccos in Nyeri County. A descriptive research design was adopted in this study. The target population was 180 employees of six (6) saccos in Nyeri county, who have been operation for more than 20 years.

5.2.1 Financial Reporting Systems and Financial Performance

Financial reporting systems revealed a strong significant relationship (r = 0.730, p-value = 0.000) as reported in table 13 between financial reporting and financial performance. The majority of respondents indicated that their Saccos use computerized financial reporting systems, and there was a substantial difference in financial performance between Saccos that wholly used and those that partially used financial reporting systems. Respondents agreed that the design and implementation of accounting information systems improve the quality of financial reporting and that formal financial transaction processes lead to appropriate managerial decisions. Financial reporting has been more factual, practical, and better as a result of information technology, according to respondents.

5.2.2 Inventory Management Systems and Financial performance

The goal of the study was to see if there was a link between Inventory Management systems and Saccos' financial performance in Nyeri County, Kenya. The data revealed a strong significant association (r = 0.708, p-value = 0.000) as recorded in table 13 between inventory management systems and financial performance. The majority of respondents said they used digital inventory management systems. The financial performance of Saccos that used computerized inventory systems differed significantly

from those that did not. The majority of respondents stated that they preserve soft copies of transactions' records for accountability and that good accounting records help them make better decisions. They also agreed that having adequate accounting records and procedures in place aids managers in understanding the performance of the sacco.

5.2.3 Budgetary Control Systems and Financial Performance

Budgetary control systems revealed a moderate significant link (r = 0.541, p-value = 0.000) as shown in table 13 between budgetary control systems and financial performance. The majority of respondents used budgetary control systems, which made it easy to keep track of actual revenue and expenditures. The financial performance of Saccos that used budget control systems differed significantly from those that did not. Respondents agreed that a proper budgetary control system aids in the preparation of Saccos budgets and also identifies essential financial measurements for the Sacco, as well as how and when to monitor them. Respondents also agreed that budgetary control systems save time for management by employing the management by exception approach, and that formal and robust budgetary control techniques promote Sacco performance. Budgetary control systems, it was also mentioned, aid in the interpretation of budgets and performance metrics.

5.3 Conclusion

The study's objectives were met when the researcher discovered that financial reporting systems, inventory management systems and budgetary control systems all have an impact on Saccos' financial performance in Nyeri County, Kenya. As a result,
the study objective of determining whether accounting information systems affect financial performance of Saccos in Nyeri County, Kenya was met, and a clear relationship between the variables was established.

5.3.1 Financial Reporting Systems

The study reported that most of the saccos do create and complete financial reports using computers, according to the research, to inform shareholders the financial status of the Sacco. Financial reports need are then published and computerized for easier reference if need be, including uploading on their respective websites. Preparing and publishing financial reports ensures that saccos have a system in place to measure the financial health of the Sacco to foster financial discipline. Financial reports serve as referrals in case of legal disputes with tax agencies or with suppliers/customers.

5.3.2 Inventory Management Systems

The study discovered that inventory management systems are essential for making decisions. The majority of saccos have a working inventory management system, which is computerized. They operate a manual system too of inventory, though computer generated. The policy makers of the saccos therefore make decisions and strategies based on reliable data from the updated briefs and accurate records and reports kept.

5.3.3 Budgetary Control Systems

The study discovered that majority of Saccos invested in budgetary control systems as an important management function, according to the study. Lack of budgetary control systems would challenge monitoring of saccos' expenditure and making necessary changes which may save operational costs. It was also concluded that Budgeting and budgetary control systems provides data for managers so that they can make realistic expectations and targets.

5.4 Recommendation of the Study

Adoption of AIS improves performance, according to the conclusions of this research study. It is therefore recommended that; Saccos should make efforts in adopting computerized or automated financial reporting systems, Inventory management systems and budgetary control systems in order to assist them in improving performance of their saccos.

Government regulations and recommendations should be developed to aid in the implementation of accounting systems. Tax exemptions or discounts on accounting software are examples of such policies and regulations. The policy makers could also be provided with information regarding the correlation between AIS and financial performance of Saccos, hence making better policies regarding information technology. Institute of Certified Public Accountants of Kenya (ICPAK)should come up with programs where they offer professional services to Saccos in Nyeri County. This could be achieved through establishing an office where Saccos can approach the professional body to help them in choosing the appropriate accounting systems, offering financial management consultation and how to prepare financial reports.

5.5 Areas for Further Research

Future research should concentrate on the problems that Saccos face in adopting accounting information systems. The study's findings show that the accounting information system has a substantial impact on financial performance. Since the current study found that financial reporting systems, inventory management systems, and

budgetary control systems contribute 60.7 percent of Saccos financial performance, more research on other AIS variables that affect saccos financial performance is needed.

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APPENDICES

6.1 APPENDIX I: QUESTIONNAIRE FOR THE PUBLIC

I am conducting a research for my Bachelors of Commerce (Accounting) in Gretsa University. The research is on Effects of Accounting Information System on the financial performance of SACCOs in Nyeri County. Kindly participate in this research by filling this questionnaire based on the simple instructions provided.

INSTRUCTIONS: Please answer all the questions honestly and exhaustively by indicating with a tick (√) or (x) in the appropriate box that closely matches your view or alternatively writing in the spaces provided where necessary.

Section A: ORGANIZATION'S BACKGROUND INFORMATION

1. Organizations name……
2. Date of incorporation/Registration……..
3. Size of Entity (Number of Employees)……
4. Position of Respondent (Please tick in the appropriate boxes below)

   (1) Manager [ ] (2) Accountant [ ] (3) Auditor [ ]

   (4)Others(specify) ……
5. Highest level of education attained (Please tick in the appropriate box below)

   (1) **A-level [ ] (2) KCPE [ ] (3) KCSE [ ] (4) Diploma [ ](5) Graduate [ ] (6) Postgraduate [ ]**
6. Other professional qualifications attained (Please tick in the appropriate boxes below)

   (1) CPA (Certified Public Accountant) [ ] (2) CISA (Certified Information System Audit) [ ] (3) CFE (Certified Fraud Examiner) [ ] (4) Any other (Please specify) ……
7. How many years have you been in the industry?

   (1) 1 – 5 yrs [ ] (2) 6 – 10 yrs [ ](3)11 – 15 yrs [ ] (4)16 – 20 yrs[ ] (5) Over 20 yrs [ ]

Section B: FINANCIAL REPORTING SYSTEM AND PERFORMANCE OF THE SACCO

8. Do you practice computerized financial reporting in the SCAAO? (1) Yes [ ] (2) No [ ]
9. If yes, please explain the implications of computerized financial reporting in your SACCO

   ……

10. Tick on the extent to which you agree / disagree with the listed statements regarding to the financial reporting systems

Key: Strongly Agree **(1)** Agree **(2)** Not Sure **(3)** Disagree **(4)** Strongly Disagree **(5)**

STATEMENT	1	2	3	4	5
The design and implementation of accounting information systems improve the quality of financial reports					
Managers make appropriate decisions based on formal financial transaction processes					
Information technology makes financial reporting more factual, practical, and better					
A computerized financial system has high likelihood of business productivity					
Accounting systems are important for timely production of high-quality financial data					

Section C: INVENTORY MANAGEMENT SYSTEM AND SACCO FINANCIAL PERFORMANCE

11. Do you employ computerized record keeping system in the SACCO?

    (1) Yes [ ] (2) No [ ]

12. If yes, please explain the implications of computerized record keeping in your SACCO

    ……

13. Tick on the extent to which you agree / disagree with the listed statements regarding to the inventory management systems

Key: Strongly Agree **(1)** Agree **(2)** Not Sure **(3)** Disagree **(4)** Strongly Disagree **(5)**

STATEMENT	1	2	3	4	5
I always keep soft copies of records for accountability					
Sound accounting records facilitate decision making					
My SACCO has effective accounting records and procedures					
Keeping proper records helps the manager to know the performance of the SACCO					

Section D: BUDGETARY CONTROL SYSTEMS AND SACCO FINANCIAL PERFORMANCE

14. Do you employ budgetary control systems in the SACCO? (1) Yes [ ] (2) No

15. If yes, please explain the implications of budgetary control systems in your SACCO

    ……

16. Tick on the extent to which you agree / disagree with the listed statements regarding to the budgetary control systems

Key: Strongly Agree **(1)** Agree **(2)** Not Sure **(3)** Disagree **(4)** Strongly Disagree **(5)**

STATEMENT	1	2	3	4	5
An appropriate system for budgetary control helps to prepare the SACCO budgets					
Budgetary control systems help to point critical financial measures for the SACCO and how and when to monitor them					
Using the management by exception principle, budgetary control saves management time					

The official and strong control techniques of control for the budgetary process improves SACCO performance					
Budgetary control systems help to interpret budgets and performance measurement					

Section E: SACCO FINANCIAL PERFORMANCE

17. Kindly provide the details of the SACCO's financial performance for the financial period/year ends in Kenya shillings as below:

(1) Year 2020 Net Income …..…… Total Assets ……

(2) Year 2021 Net Income …..…… Total Assets ……

(3) Year 2022 Net Income …..…… Total Assets ……

18. Tick on the extent to which the listed statements best describe your SACCO financial performance in the previous years where (1) = strongly Agree, (2) = Agree, (3) =Neutral, (4) = Disagree, (5) = strongly Disagree

PERFORMANCE INDICATOR	**1**	**2**	**3**	**4**	**5**
The SACCO has been recording increased profits					
The SACCO has been recording increased revenue					
The SACCO has been recording increased market share					

Thank you for your cooperation