

**EFFECTS OF ACCOUNTING INFORMATION  
SYSTEMS ON DECISION MAKING IN BANKS IN NAIROBI  
KENYA**

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University Business School in Partial Fulfillment of the Degree of  
Bachelor of Commerce of Strathmore University**

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## DECLARATION

### **Student Declaration**

This research project is my original work and has not been presented for a degree in any other university. No part of this thesis may be produced without the prior written permission of the author and/or Strathmore University.

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### **Supervisor's Declaration**

This research project has been submitted for examination with my approval as the University supervisor.

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## ABBREVIATIONS AND ACRONYMS

**AIS:** Accounting Information System

**SME:** Small and Medium Enterprises

**KIRDI:** Kenya Industrial Research and Development Institute

**IT:** Information Technology

## ABSTRACT

It is worth pointing out that the investigation targets to consider the correlation between AIS and better decisions in the banking sector in Nairobi and its relation to performance. Public financial statements do not adequately reflect the company's assets and liabilities owing to inefficiencies. Hence, the study analyzes how management collects, saves, and secures important accounting documents based on the integration of an automated system. The study investigated four objectives. The first was to determine the relevance of AIS and how it can be adopted in the banking sector Nairobi. Also, it was critical to determine fundamental elements and variables that are considered while making decisions. Thirdly, the investigation was designed to evaluate possible relationship between how banks make their decisions and the accounting information system. Consequently, it was vital to determine how AIS may be applied to improve the decision-making process and overall performance of Nairobi-based financial institutions (banks). The scope of the study was Nairobi County. The study employed an explanatory research technique. Numerous in-depth interviews with banking key informants assisted in contextualizing the study's results. As a result, the researcher felt obligated to meet face to face with respondents and ask crucial study-related questions. The study identified, classified, and presented the results in light of the project's distinct objectives and research questions, with data analysis commencing with concise and broad summaries of observations and conclusions made throughout the data collection phase. The study was done utilizing basic statistical percentages and frequencies, and the findings were shown in tables and charts. The study found out that adoption of AIS in financial sector would be fundamental to the well-being of these organization and it affects how they perform. The Accounting Information System (AIS) is a critical component of every banking firm. Each financial institution is self-contained inside its own accounting system (AIS). They depend on the aid of the Department of Information Technology to carry out their responsibilities (IT). When a firm does not often change workers, time and money are saved on recruiting and training new employees. Recognize that if they are understaffed, downtime may have a substantial effect on their business's profitability; having a low turnover rate is crucial. All of these responsibilities, which include posting job adverts, holding interviews, and training new staff, need money and time. Managers, the research asserts, act under preset boundaries and criteria, and predictable occurrences result in preprogrammed judgements. The challenges themselves, as well as their resolutions, are well- structured. Established policy directives, regulations, and procedures are used to resolve problems and carry out decisions. The report recommends conducting similar investigations in other firms to compare their conclusions to those of this research.



### ***1.1 Introduction***

The purpose of this chapter is to provide an introduction of the research. The chapter starts by discussing the background to the study, statement of the problem, the study's purpose, research objectives, research questions, the scope of the research, and finally the importance of the research.

### ***1.2 Background to the Study***

Accounting information systems have established themselves as valuable assets for businesses and organizations. In this context, information is only valuable to business operations if effectively communicated to the appropriate stakeholders. It is from this vantage point that a proper reporting system is necessary. The reliability and accuracy of the information can benefit critical stakeholders. As a result, a computerized accounting system enables business decision-makers to record and analyze financial data effectively. It is worth noting that businesses frequently generate large amounts of data that must be analyzed to provide valuable insights. Historically, accounting was a manual process. However, with the advancement and adoption of technology in the financial sector, accounting information systems can now be performed via a computerized process.

In the banking sector, most banks and financial institutions employ accountants who are responsible for maintaining the organization's accounting records. Similarly, an accountant is responsible for balancing the financial books and determining the institution's financial status. Has aided in the adoption of accounting software. To comprehend the impact of accounting information systems fully, it is critical to examine their relationship to management information systems and how they interact. Banks and other financial institutions use data to enhance their decision-making processes and produce higher-quality output.

### ***1.2. Statement of the Problem***

Businesses now entrust rational executives with planning, organizing, leading, and controlling, which allows them to make timely and informed strategic choices. Rapid strategic decision-making is difficult for any business, big or small since it requires the company to set rules, implement them, and evaluate their effect swiftly. Academics have long sought to understand how conventional accounting information systems affect managerial strategic decision-making, all the more so given that many businesses fail despite the presence of toptier accounting firms. Similarly, it is crucial to note that most companies and banks have to struggle with the lack of skills while implementing comprehensive accounting information systems. Also, accessible documents do not adequately reflect the company's assets and liabilities owing to inefficiencies. Additionally, the study analyzes how management collects, saves, and secures important accounting documents, a challenge

faced by most businesses.

### ***1.3 The Study's purpose***

The primary objective of the study was to consider the correlation between AIS and better decisions in the banking sector in Nairobi and its relation to performance. Public financial statements do not adequately reflect the company's assets and liabilities owing to inefficiencies. Hence, the Study analyzes how management collects, saves, and secures important accounting documents based on the accounting information system.

### ***1.4 Research Objectives***

- I. To showcase the importance of adopting AIS in the banking sector in Nairobi in promoting efficiency and efficacy.
- II. To determine fundamental elements affecting the decision-making process in the banking sector in Nairobi that should be considered in AIS.
- III. To research the correlation between the AIS and the decision-making process in the banking sector in Nairobi and explain a plan for implementation for the innovation.
- IV. To determine how AIS can be leveraged to improve the decision-making process and performance in banks in Nairobi.

### ***1.5 Research Questions***

The research elucidates the following points:

- I. To showcase the importance of adopting AIS in the banking sector in Nairobi in promoting efficiency and efficacy.
- II. To determine fundamental elements affecting the decision-making process in the banking sector in Nairobi that should be considered in AIS.
- III. To research the correlation between the AIS and the decision-making process in the banking sector in Nairobi and explain a plan for implementation for the innovation.
- IV. To determine how AIS can be leveraged to improve the decision-making process and performance in banks in Nairobi.

### ***1.6 The scope of the research***

#### **1.6.1 Coverage by geography**

The investigation was undertaken in Nairobi County. The selected location made it a perfect match for the researcher regarding firm kind, researcher location, language proficiency, and data

availability.

### **1.6.2 The content's breadth**

The study examined the advantages of accounting information systems in banks in Kenya, the challenges associated with their implementation, the factors influencing strategic decision-making, and the relationship between accounting information systems and strategic decision-making in banks in Nairobi.

### **1.6.3 Time span**

The inquiry spanned the years 2015 through 2018. Since this is the most recent period covered and the researcher's study duration is limited, data older than five years were omitted.

## ***1.7 The importance of the research***

This study will benefit the management and staff of multiple banks. Also, the research will benefit the stakeholders by enabling them to identify and comprehend the risks and problems inherent in computerized accounting and financial reporting and the most effective ways to address them. Additionally, this information is crucial for businesses and organizations which have installed or are contemplating implementing a computerized accounting system to understand the pressure points that must be handled and regulated effectively to assure the system's success. Additionally, the Study will assist students by providing research tools and educating them on the distinctions between manual and automated accounting and the crucial role of automated accounting in financial reporting.

## **CHAPTER TWO: LITERATURE REVIEW**

### ***2.1 Introduction***

The purpose of this chapter is to provide a relevant literature review associated with the research topic. The chapter discusses theoretical works such as the theory of reasoned action, socio-technical systems theory. The chapter proceeds in explaining accounting information systems as a data source, accounting information tools as a management tool, literature summary, the research gap, and finally the conceptual framework. The chapter focuses on a literature review, emphasizing the importance of accounting information and accounting information systems in the commercial banking sector, in addition to relevant theoretical frameworks. Additionally, the chapter discusses how accounting information systems can improve the decision-making process in financial institutions.

### ***2.2 Theoretical Works***

### 2.2.1 Theory of Reasoned Action

The Theory of Reasoned Action (TRA) is a collection of related ideas and hypotheses developed by social psychologists in order to aid in the understanding and prediction of human behavior. A decade's worth of research conducted by eminent psychologists culminated in the development of the TRA. In general, it is predicated on the notion that, as the word implies, human beings behave rationally; that is, they evaluate available information as well as the consequences of their actions (Ng, 2020). According to this belief, an individual's desire to do or not do something immediately dictates his or her behavior; individuals are expected to act in accordance with their intentions, barring the occurrence of unanticipated circumstances.

Investigations regarding the adoption of mobile technology has been useful in explaining the importance of the theory. Rural populations' acceptance of mobile phone payment technology may be a result of their own initiative to adopt the technology. So rural communities assess the available data on mobile phone payment technology, as well as the costs associated with adoption or non-adoption (Ng, 2020). Considerations for mobile phone payment technology include cost considerations, the availability of support services, the level of technical expertise required for installation, and alternative methods of providing the services offered by mobile phone payment technology. According to the researchers, "the more committed an individual is to adopting mobile phone payment technology, the more likely he or she will attempt to use it, and therefore the more likely the action will occur.

According to the theory, the primary objective is to determine the factors that influence the formation and modification of behavioral intent." In order to be more likely to behave in a certain way, two factors must be considered: "attitude" toward the particular action in question and the perception of society-imposed standards for that behavior, which are referred to as "subjective norms." When it comes to behavior, attitudes and subjective standards have varied degrees of influence depending on the situation and the individual involved. As a result of one's expectations and appraisals of the consequences of a particular activity, one's attitudes are formed. Generally speaking, people's subjective standards are influenced by their perceptions of how others believe they should behave and their desire to live up to these expectations. For instance, a large number of rural residents yearn for peace and quiet. As a result, they conduct research and analysis so as to determine the effects of their activities on their coworkers' performance. They consider the impact of their activities on other members of the society, both positive and negative. The same observation is witnessed regarding the adaptation of technology by banks. Increasing societal pressure may have an impact on the uptake of technology. Whether a society accepts or rejects a particular technological advancement may be influenced significantly by a variety of subjective factors.

Because the concept of Reasoned Action has the potential to serve as a fundamental

theoretical foundation for technology adoption and research in general, some academics have combined it with other technical theories and models, particularly those that deal with attitudes and perceptions, to form a more comprehensive framework. There is evidence that individuals' attitudes and subjective norms, as well as their intentions to engage in specific behaviors, such as the adoption and use of new technologies, are significant predictors of their intentions to do so. Individuals' attitudes toward the purchase and use of technology play a significant role in determining their proclivity to do so. The relationships between these variables can be used to explain the behavior of banks regarding the adoption of AIS.

### **2.2.2 Socio-technical Systems Theory**

Because it emphasizes the interaction of people with technology and the environment, socio-technical systems theory serves as an example of a systems viewpoint. In this technique, the social and technological components of an organization or work unit are attempted to be optimized. Founded on the premise that an organization or work unit has an intrinsic combination of social and technical characteristics that makes it permeable to its environment, socio-technical system theory seeks to understand how organizations and work units interact with their environments. Because they require collaboration between their social and technological components in order to complete tasks, labor systems generate both physical commodities and social/psychological consequences as a result of their existence (Saurin & Patriarca, 2020). Due to these considerations, one of STST's primary objectives is to design work in such a way that both components contribute to the achievement of desired outcomes. The term "collaborative optimization" is used to describe this method of optimization. In contrast to more traditional corporate procedures, this type of operation is diametrically opposed to them. Historical precedent has shown that technological components have been developed first, followed by human bonds. This method frequently results in suboptimal outcomes at the expense of a significant social cost.

Because of the strategy's adaptability, it has received a great deal of support, demonstrating its ability to be applied to virtually any organizational setting while also being open to continual improvement and development. The successful and efficient coordination of human and technological activities necessitates that one system be supportive of the other. Because all systems are interconnected, any change in one has an unavoidable impact on the other systems in the same way. The social subsystem of the overall system is in charge of developing work designs that are psychologically compatible with the employee's personality. Additionally, it instills a sense of ownership and responsibility for the outcome of the task in the participants. Another inherent characteristic of socio-technical systems is their ability to be receptive to new information. This implies that the system is permeable to its environment and that changes in the environment have an

impact on the system's objectives. The system's adaptation to these external changes should be as unobtrusive as possible to avoid drawing attention to itself.

Before concluding this section, it is critical to emphasize that technological advancements do not always translate into higher levels of productivity or performance. An intricate web of relationships exists between the social system and self-sustaining technological systems. According to this approach, semi-autonomous work groups are required in a socio-technical environment so as to enhance productivity and develop employee ownership of the company. The complexity of socio-technical systems necessitates the codification of these systems into a set of fundamental principles. There are a variety of options available, including the following: It is well known that (1) overall productivity is highly dependent on the system's ability to comprehend and satisfy social and technological needs and requirements effectively; (2) accurate assessment of social and technological requirements frequently results in efficient task design.

## **2.3 Empirical Review**

### **2.3.1 Accounting Information Systems as a Data Source**

In a 2013 scientific study, the authors identified factors associated with improved financial performance in commercial banks throughout the country. In this context, the investigation sought to ascertain how specific macroeconomic factors affect the financial performance of banks in the country (Ongore & Kusa, 2013). The Central Bank of Kenya's and the World Bank's databases were consulted for pertinent information based on the evaluation. Following evaluation based on the data, it was discovered that specific elements had a significant impact on banks' financial performance. Decisively, inflation, unemployment, and economic growth are among the macroeconomic factors identified as having a significant effect on the performance of banks in Kenya. Decisively, managers' responses to these variables directly influence financial performance

Similarly, account reporting is a critical aspect that demonstrates the financial sector's reliance on accounting information. According to a study examining the effect of ethics on the quality of financial reports, it was critical to assess ethical standards and their impact within the financial industry. Throughout the study, primary data were gathered via questionnaire and analyzed using econometric models (Fernandez-Feijoo et al., 2014). Decisively, the investigation's findings demonstrated that critical ethical principles exist in accounting standards and that the quality of accounting information is an extrapolation of this occurrence hence emphasizing the critical nature of data integrity in ensuring that bank managers and administrators have access to critical information to enhance decision-making.

In a separate 2012 study, the authors examined how investors perceived the quality and accuracy of financial reports. The purpose of this study was to determine whether data collected through the traditional financial system was sufficiently useful to investors. It was determined

through descriptive statistics that most investors did not rely on financial data collected through the traditional system (Dhaliwal et al., 2012). The financial sector is highly dynamic, with the possibility of multiple factors affecting the environment; it is from this perspective that investors believed traditional sources of information were limited in the decision-making process. From this vantage point, the research provides an opportunity to demonstrate how accounting information systems can improve investors' decision-making processes. This rationale is based on the fact that accounting information systems enable realtime events to be considered, providing the means for generating accurate and pertinent data to enhance the outcome.

In a separate study, the focus was on determining the critical factors influencing the adoption of international financial reporting standards. The investigation's objective was to highlight the obstacles that needed to be overcome to ensure the adoption of the standards. For instance, inconsistency could be eliminated, a challenge in financial reporting. Financial reporting transformation is only possible if participating countries agree to use comparable standards and principles to improve the decision-making process since all stakeholders can access accurate and relevant data (Weygandt et al., 2018). The investigation's findings established that automation would solve the problem in this instance. When evaluated, accounting information systems can be regulated and controlled to ensure that they adhere to the same set of principles and standards. As a result, the processed data will benefit the decision-making process, providing managers with an accurate representation of the banking sector's environment.

### **2.3.2 Accounting Information Tools as a Management Tool**

Kaya et al. (2019) researched the effect of automated accounting systems on risk management during audits (2013). The Study used a questionnaire-based longitudinal and cross-sectional exploratory survey approach. Among the 55 public firms in the county at the time of the research, a sample of 41 public companies was chosen. A correlation between a computerized accounting system and the adoption of an audit risk management strategy was found through a descriptive analysis of public firms. In this context, the investigation highlights how accounting information systems can be applied to improve decision-making by reducing the number of risks.

Becker et al. (2016) examined the variables affecting the budgeting practices of small and medium-sized businesses. From a survey of 200 businesses, the researchers provided valuable feedback. The analysts noted that information technology and information systems provided valuable data regarding various variables such as accounting in the company (Becker et al., 2016). As a result, the information systems allowed the budgeting process to be effective, highlighting its relevance in decision-making.

Royan et al. (2021) assessed the influence of accounting information systems on

organizational performance via a descriptive study technique. Primary and secondary data were acquired during the investigation. Through interviews and questionnaires, primary data were acquired from randomly selected employees of the selected firms (Royan et al., 2021). Accounting information systems are crucial for management, decision-making, and regulation of business operations.

Lavi a Lopez and Hiebl (2015) examined the relationship between management accounting skills and small and medium-sized firm performance and development (SMEs). The study included both a self-administered questionnaire and a census-based approach. A random sample of 43 SMEs from the KIRDI-incubated SMEs database was chosen at random (Lavia Lopez & Hiebl, 2015). According to the study, the financial, marketing, human resource, and management accounting abilities of company owners and managers influence their decision-making, which affects the success and development of SMEs. Moreover, the investigation described how an accounting information system could be instrumental in management.

Wu et al. (2015) claim that strategic information technology use can be effective in decision-making rather than focusing only on administrative efficiency, demonstrating information technology's pervasiveness in management accounting. Numerous studies have been carried out to determine the influence of information systems on company performance, as well as the deployment and usage of accounting information systems in small and medium-sized businesses. The link between an organization's strategy and technology has been the subject of recent studies. (Wu et al., 2015). These studies demonstrate a symbiotic relationship between strategy and strategic information technology. Hence there is an association between improved decisions and information systems.

Llinas Sala and Abad Puente (2019) the study examined the effect of artificial intelligence on the performance ratings of small and medium-sized businesses in Spain (2019). A total of 632 businesses were surveyed. By examining productivity, economic, and financial returns, the effect of the degree to which a computerized accounting system was applied was determined (Llinas Sala & Abad Puente, 2019). The goal of this study was to ascertain the frequency with which the accounting information system was used and if this use had an influence on productivity and outcome indicators. According to the poll, firms and organizations which apply accounting information systems to manage their money report an improvement in their performance rating that is statistically significant.

## ***2.4 Literature Summary and Research Gap***

The reviewed literature provides valuable insight into the accounting information systems application process. Accounting information systems can be used as a critical source of data or information in various organizations in this context. Organizations such as banks and businesses

operate in a highly dynamic and volatile industry. This is why there is a need for an accurate data source that can provide valuable insight into the dynamics of a particular industry. For instance, through the use of accounting information systems, businesses have been able to overcome macroeconomic variables that significantly impact performance. Similarly, it becomes clear that the data and information generated by these systems can enhance the decision-making process in organizations, particularly accounting information systems, enabling businesses and organizations to be predictive and anticipate market changes. Additionally, it becomes clear that managers frequently rely on accounting information systems to enhance the decision-making process in their organizations. The following is a literature map relevant to the investigation:

<b>Authors Year</b>	<b>Country of Study</b>	<b>Theory</b>	<b>Methodology</b>	<b>Findings</b>
Alawaqleh, Qasim Ahmad 2021	Jordan	Contingency theory	A random sampling approach was used to survey the respondents. In all, 270 questionnaires were distributed	This study revealed a significant positive correlation between internal control and employee performance and a positive correlation between internal control and AIS.
Bilal Khalid and Michal Kot 2021	Thailand	Resource-Based View (RVB) Theory	Purposive sampling was used to conduct a content analysis of the financial statements of six major Thai commercial banks from 2011 to 2019.	The research found that total Assets, Operating Assets, and Earnings after Tax have a positive and statistically significant influence on Return on Equity. Additionally, Total Liabilities was proven to

				have a negative and statistically significant relationship with Return on Equity.
Petros Kalantonis, Christos Kallandranis, Marios Sotiropoulos 2021	Greece	Pecking-order theory	Because unobservable heterogeneity is crucial in goal leverage, a panel data technique is employed to estimate financial structure models.	The findings demonstrate pecking order patterns, highlighting the significance of local financing over foreign debt.
Samza Fatima, Muhammad Ishtiaq, Adnan Javed 2021	Pakistan	System theory	The data were gathered via selfdelivery and interviews with financial managers at 300 enterprises members of the All Pakistan textile mills association. The Statistical Package for Social Sciences analyzes data descriptively and inferentially.	The research findings demonstrated that AIS has a considerable impact on corporate governance. It is vital to improving daily transaction recording via a specialized system from a management perspective.

				Each employee employs the computerized system to do their assigned tasks.
Pham Quang Huy and Vu Kien Phuc 2020	Vietnam	Goal-setting theory	Structural Equation Modeling data analysis (SEM)	The implementation of PSShasa substantial influence on the efficacy of AIS. Additionally, it establishes a credible foundation for the relationship between AIS and SP efficacy.
Amos Iorcher Ganyam and John Ayoor Ivungu 2019	Nigeria	<ul style="list-style-type: none"> <li>• Contingency theory</li> <li>• Agency theory</li> </ul>	Review of past studies	Previous research on the influence of accounting information on financial performance has been inconsistent in applying the cost implications of

				accounting information systems on the financial performance of organizations.
Hariyati, Bambang Ijahjadi, Noorlailie Soewamo 2019	USA	Contingency theory	The research population consisted of business units inside medium- and large-sized industrial firms in Java. In this research, the business unit acts as the analytical unit since it is a component of the organization that is responsible for the manufacture and marketing of a specific product or set of products	Suppose an organization's internal processes are well-run. In that case, its management accounting information system is correct, and its control process is great. An innovation strategy that incorporates product, process, and technological innovation affects financial performance.
Lina Dagiliene, Kristina Sutiene 2019	Lithuania	Contingency theory	A questionnairebased survey, hypothesis	Although most organizations surveyed

			principal component analysis, and hierarchical clustering are used to develop fresh empirical data.	include a sustainability strategy into their core strategy, there is a mismatch between monitoring and incorporating sustainability results into overall company financial success.
Md Sajjad Hosain 2019	Bangladesh	Contingency theory	Data were elicited from 803 mid-to senior-level managers using a standardized questionnaire.	According to the statistics, AK and RKP have a significant positive association with organizational performance, while MS has a positive but minor relationship with the reported

				profitability of those SMEs.
Yasir Mohammed Ali Al-Wattar Akeel Hamza Almagtome Karrar Mohammed AL-Shafeay 2019	Iraq	Stakeholder theory	The research investigated financial data extracted from a representative sample of Iraqi hotels' annual reports, including panel data from 10 hotels listed on the Iraq Stock Exchange (ISX) from 2013 to 2018.	The results suggested that the interaction of the accounting information system and the hotel sustainability reporting improved overall financial performance.
Amoako Kwarteng and Felix Aveh 2018	Ghana	Contingency theory	A survey of top company executives from a number of different sectors was conducted. The data were analyzed using structural equation modeling (SEM)	The Study reveals a statistically significant association between organizational culture and accounting information system performance and between firm performance and accounting

				information system performance. The results indicate that the purpose, adaptability, and consistency of an organization's culture are critical and that the accounting information system also impacts corporate performance.
Anton Arisman and Lukluk Fuadah 2017	Indonesia	System theory	The data collection instrument was a questionnaire with a five-point Likert scale. One hundred seventy-six workers were polled for the research. Simple linear regression was used to experiment.	The results indicated that the accounting information system has a significant influence on the firm's organizational performance under consideration.

<p>Jong-min Choe 2017</p>	<p>USA</p>	<p>Strategic alignment of management accounting information systems (MAIS)</p>	<p>structural equation modeling</p>	<p>The findings suggest that the degree of AMT has a significant and favorable influence on alignment facilitation. A significant causal relationship between alignment facilitation and MAIS strategic alignment was identified. When MAIS s strategic alignment is good, it is shown that MAIS must give various integrated types of information. Significant and positive causal relationships occurred between MAIS</p>
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				strategy alignment and organizational performance.
Ladan Shagari, Shamsudeen and Abdullah, Akilah and Mat Saat, Rafeah 2017	Nigeria	Internal control theory	The data collection method was a survey, and a total of 287 questionnaires were collected from respondents in the Nigerian banking industry.	System quality characteristics include security, simplicity of use, and efficiency, whereas information quality characteristics include correctness, timeliness, and completeness.
MohdIM Alnajjar 2017	United Arab Emirates	Contingency, agency and transaction cost economics.	The study examines data from 74 small and medium-sized firms (SMEs) in the areas of commerce, service, and manufacturing. Regression analysis is performed using SPSS and AMOS; more specifically, structural equation	According to the Study, accounting managers' skill and top management support significantly impact an organization's accounting information systems, and

			modeling is employed to examine data.	hence on performance management and organizational performance.
Anton Arisman and Lukluk Fuadah 2017	Indonesia	Contingency theory	Consensus data collection was employed, and there were 176 responses with complete data. The Structural Equation Model (SEM) is utilized to examine the data, and system theory is used in this work.	Knowledge management and management control systems substantially influence user satisfaction and information system integration.
Antonio Trigo FernandoBelfo: Raquel Perez Estebanez 2016	Portugal	System theory	Review of literature	Aligning business and information technology remains a high goal for business and technology leaders alike. Successful businesses depend on the synchronization

				of these two worlds in all aspects of their operations.
Basel J. A. Ali: Wan Ahmad Wan Omar: Rosni Bakar 2016	Jordan	Contingency theory, resource-based view and also the Abilities, Motivation and Opportunity (AMO) theory	The data collection method was a structured questionnaire survey of 273 respondents in the Jordanian banking sector. The PLS-SEM technique was used to evaluate the data.	According to the research, the three primary success factors for AIS are service quality, information quality, and system quality.
EifObeid Al-Shbiel and Nofan Hamed Al-Olimat 2016	Jordan	Information system effectiveness	Each bank received five surveys from the authors. The researchers developed a questionnaire for this study and validated its validity and reliability.	There is a relationship between information technology and competitive advantage and the effectiveness of accounting information systems and competitive advantage in Jordanian

Table 2.1 Literature map

**Research Gap**

Despite the wealth of information available on accounting information systems, there is a dearth of knowledge on how accounting information systems might contribute to and effect financial performance in Kenya's banking industry. This is because the banking industry usually places a premium on privacy, confidentiality, and secrecy in order to protect consumers' welfare. As a result, acquiring critical information regarding how accounting information systems are used in the banking sector becomes more challenging. As a result, a study vacuum exists regarding the influence of accounting information systems on the Kenyan banking sector. It is worth mentioning that by assessing these relationships, recommendations may be made regarding how banking operations might be streamlined using accounting information systems, hence boosting resilience and decreasing sensitivity to economic volatility. Additionally, the research offers an impartial method to determining the influence of accounting information systems on the Kenyan banking sector.

### 2.5 Conceptual Framework

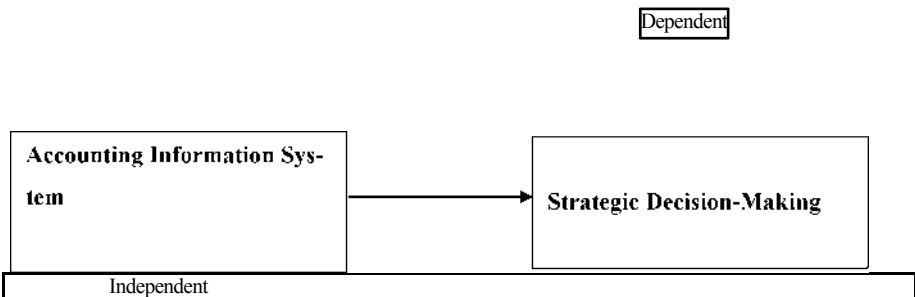


Figure 2.1 Conceptual framework

As stated previously, the research will take an objective approach to determine the effect of accounting information systems on the decision-making process in banks in Nairobi. As an attempt to comprehend the relationship, capital adequacy and liquidity are critical in this context in confirming strategic decision-making process. The asset's quality and costeffective operation will also constitute valuable variables to confirm strategic decisionmaking process (Kaya et al, 2019). On the other hand, the accounting information system will serve as the independent variable, while the decision-making process will be the dependent variable.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter focuses on the research methodology in explaining the technique used during the investigation. The chapter discusses the research design, population of the study, sample size, sample procedure, sources of data, data collection procedures, information processing analysis of data, and the considerations of an ethical nature.

### 3.2 *Research Design*

Using an explanatory research technique, the study studied the impact of AIS on performance in banks located in Nairobi County. This is because the research questions elicited need evaluation of the investigation's explanatory, descriptive, and analytical components.

Similarly, stratified random sampling was used in the study. The goal of stratified random sampling is to acquire a greater degree of accuracy than ordinary random sampling enables. This is because the selection criteria are reliant on a collection of common properties. Additionally, as stratified sampling promotes accuracy, a lesser sample size may be utilized without jeopardizing the data's validity (Moser & Korstjens, 2018). This is crucial for study, given the restricted resources available. As a consequence, the stratified sample method results in a more cost-effective approach, which enhances the possibility of a successful research study. Furthermore, the stratified sampling technique permits subsequent exploration of particular sample locations. As a result, newly established subgroups was ultimately become significant sources of knowledge. It is vital, however, to realize the limitations of stratified sampling. Among them are the study's complexity and the researcher's additional work necessary to form the subgroups.

The research collected and analyzed quantitative and qualitative data and a wealth of knowledge on the subject from the study's many stakeholders. In-depth interviews with senior executives at bank headquarters were conducted for the qualitative design. On the other hand, the quantitative design featured closed-ended questions. It was sent to workers in different banks and finance divisions, enabling respondents to complete the surveys in their spare time.

### 3.3 *Population of the Study*

The investigation was carried out in the Kenyan capital of Kenya. The bank sector was particularly picked for its accessible location and all required study materials. Fifty-eight people participated in the research, including.

### 3.4 *Sample Size*

50 respondents constituted the sample size that was gathered using both planned and random selection procedures. This is because the nature of the data necessitates the employment of many approaches to get a complete understanding of the issue under inquiry. Furthermore, the approach was well-known for improving validity and reliability while reducing bias. Sloven's approach was used to determine the smallest possible sample size as showcased below:

$$n = N = n. = 5S=50 \text{ respondents}$$

$$1+Ne2 1-58(0.05)^2$$

$n$  = sample size

$N$  = the population, size

$e$  = level of significance, fixed at 0.05

### **3.5 *Sample Procedure***

The sample was purposefully picked. Senior managers from different banks were carefully chosen because they controlled crucial divisions and so had direct experience with, among other things, the influence of accounting information systems on strategic decisionmaking. Clients or bank customers were chosen at randomly though the stratified approach to guarantee that all individuals had an equal chance of being represented. All respondents were assumed to be acquainted with the study subject. We contacted respondents who expressed an interest in participating.

### **3.6 *Sources of Data***

#### **3.6.1 *Primary Data***

This data was obtained through respondents' self-administered questionnaires and inperson interviews. The questionnaire was designed to collect data on the influence of Accounting Information System on strategic decision making and bank performance in

Nairobi. The first section of the questionnaire focused on demographic data. These questions were designed to collect demographic information, including age, gender, occupation, and place of employment. In Section 2, the emphasis was on comprehending the importance of AIS Adoption in the banking Industry. The questionnaire was designed to collect information regarding the organization's AIS implementation. The focus of section three was on the essential factors affecting the decision-making process. The fourth section examined the relationship between AIS and the decision-making process. The fifth section examined how AIS can be used to improve the decision-making process. It is important to note that the questionnaire was developed and administered in accordance with research ethics principles.

#### **3.6.2 *Secondary Data***

This component contained information from textbooks and other credible academic publications and peer-reviewed journals, written data sources such as published and unpublished research, firm spokespeople, and online sources. These sources were studied to add to the existing body of knowledge regarding the effect of accounting information systems on strategic decision-making and bank performance.

### **3.7 Data Collection Procedures**

#### **3.7.1 Extensive interviews**

Any research endeavor requires data collecting. The researcher may examine and evaluate the hypothesis using the data. As a result, adequate data gathering methods must be utilized to assure the accuracy of the data that was used to assess the problem. Numerous in-depth interviews with banking key informants assisted in contextualizing the study's results. As a result, the researcher felt obligated to meet face to face with respondents and ask crucial study-related questions. This method ensured a consistent data flow and contained elements that would have been omitted during the survey sequencing procedure.

Furthermore, in-person interviews have a greater response rate than postal surveys. Respondents are asked brief questions and are expected to respond quickly throughout the interview. On the other hand, some enquiries may be unsuitable for those who are illiterate and incapable of reading or writing. Interviews, on the other hand, minimize distortion by requiring respondents to offer more information in response to a query (Moser & Korstjens, 2018). Furthermore, face-to-face interviews allow investigators to observe the respondent's non-verbal conduct. This is crucial for establishing the audience's comfort level with the questions being asked. By studying respondents' non-verbal behavior during the interview process, you may forestall dishonest replies by asking the most crucial. Similarly, conducting in-person interviews helps the researcher to provide the most conducive study environment. For instance, interviews might be performed in a tranquil, private location to guarantee the manner of data collection is legitimate. This may not be practicable in circumstances requiring extra data gathering equipment. Furthermore, face-to-face interviews help the researcher to resolve any misunderstandings. This may occur when respondents provide unfamiliar data to the analyzer. As a consequence, explanation aided in the avoidance of inaccurate data interpretations, hence boosting the research's validity.

#### **3.7.2 Information requests**

To obtain replies from the banks and finance divisions, open-ended and closed-ended questionnaires were employed. The exam was carefully constructed as it sought respondents' thoughts and offered a chance for respondents to display their exceptional ability to supply a diverse variety of information without complaint. Moreover, the survey's questionnaire is composed of a sequence of open-ended and structured questions meant to elicit data from the sample group. Notably, the objective of open-ended inquiries is to provide persons with an opportunity to explain themselves and aid understanding. Similarly, the approach ensures the study's objectivity and readability.

Questionnaires are often used in research to maximize the benefits. Among these is the fact that surveys enable the collecting of massive amounts of data. Because surveys are self-administered,

participants are not required to be present during the data collection procedure. Additionally, the researcher's inability to strategically place questionnaires at hospitals, schools, and supermarkets leads in a low-cost technique to data collection with a high response rate (Moser & Korstjens, 2018). Meanwhile, questionnaires assisted in the process of data collection. By using structured questions, for example, one may ascertain the relevance and legitimacy of the data collection process.

Open-ended inquiries may help elicit more complicated subjects while also improving expressiveness and understanding. Scalability is another feature that adds to the questionnaires' usefulness in research. Scalability permits the collection of more accurate and focused data for a large audience (Moser & Korstjens, 2018). Notably, replication is lowcost, which simplifies the process of data collection through surveys. Surveys enable academics to compare responses from a diverse group of individuals in terms of analysis. Comparing and contrasting data may uncover inaccuracies, such as mistranslations of cultural and ethnic groups. As a consequence, appropriate enhancements to the data collection process's accuracy was possible.

Additionally, surveys are crucial since they protect the respondent's privacy. Individuals should not be coerced to provide their names or any other identifying information. Additionally, employing anonymous surveys enhances the research process's quality and validity by avoiding dishonest replies.

### ***3.8 Information Processing***

Following data collection, data processing was used to ensure that the collected information was accurate, complete, and consistent. Data editing included inspecting the material for flaws assisting the researcher in identifying and correcting any inaccuracies that may have influenced the study's conclusions (Cai et al., 2019). To avoid duplication of effort, data were analyzed concurrently, resulting in an objective and critical analysis of the Study. The researcher employed hypothesis testing based on the questionnaires, pie charts, percentages tabulation, and fundamental statistical techniques to present, assess, and validate the findings.

### ***3.8 Analysis of Data***

The study identified, classified, and presented the results in light of the project's distinct objectives and research questions, with data analysis commencing with concise and broad summaries of observations and conclusions made throughout the data collection phase. The Study was done utilizing basic statistical percentages and frequencies, and the findings were shown in tables and charts.

### ***3.9 Considerations of an ethical nature***

The researcher conducted the study with multiple banks in Nairobi County. To begin, the researcher received an official letter of introduction from the University, which she intended to use to alleviate concerns. The researcher then chose respondents and scheduled survey and interview delivery and pickup dates. The researcher was tasked with safeguarding the respondents' confidentiality since this was critical to the study's effectiveness.

The term "ethics" refers to preconceived notions of what constitutes ethical or immoral action. Confidentiality cannot be stressed enough. If a researcher makes a commitment to secrecy but fails to properly maintain and handle participant data, particularly personal data, the researcher has breached the participant's trust. Without informed consent, a participant may agree to participate in a survey without understanding the objective of the survey or the intended use of the data (Kara, 2018). While a researcher's intentions may be pure, they acted unethically if they fail to properly separate personally identifying information from survey data or if they make such data accessible to prying eyes. To 27

contextualize survey findings, it is imperative to include a disclaimer stating the financial relationships of the study's sponsors. When respondents are threatened, intimidated, or coerced into participating in a survey, ethical concerns arise. Notably, the research did comply to all ethical guidelines to ensure the participants' safety. Additionally, stringent adherence to ethical research procedures was necessary to avoid legal culpability for the investigator.

## CHAPTER FOUR: DATA ANALYSIS

### 4.1 Introduction

This chapter focuses on the evaluation of acquired data from the investigation. The chapter discusses the response rate, demographic of respondents, adaption of AIS in the banking sector, fundamental elements affecting the decision-making process, correlation between the AIS and the decision-making process, how AIS can be leveraged to improve the decision-making process and ends with a summary.

### 4.2 Response rate

Table 4.1 presents the response rate of the questionnaires distributed. The researcher distributed 50 questionnaires. All the 50 questionnaires were well answered and returned. The return rate recorded a 100%. The response rate was judged to be very good, based on Mugenda & Mugenda (2003)'s assertion that a response rate of 50 percent is adequate, 60 percent is good, and above 70 percent is very good.

Table 4.1: Response rate

Targeted respondents	Responses received	Non-Responses	Response rate
50	50	0	100.0

### 4.3 Demographic of respondents

#### 4.3.1 Gender

Participants were asked to specify their gender. The outcomes are listed in the table below.

Table 4.2: Gender response

	Gender		
	Frequency	Valid Percent	Cumulative
Male	38	60.9	60.9
Female	12	39.1	100.0
Total	50	100.0	

From the results above, majority of the respondents were male with a recorded percentage of 60.9% while female respondents recorded was indicated by a 39.1%. this information clearly indicates that most of the individual that working in the banking sector in department dealing with AIS are

male.

### 4.3.2 Age of respondent

Respondents were requested to specify their age. The results are as presented below. *Table*

#### 4.3: Age response

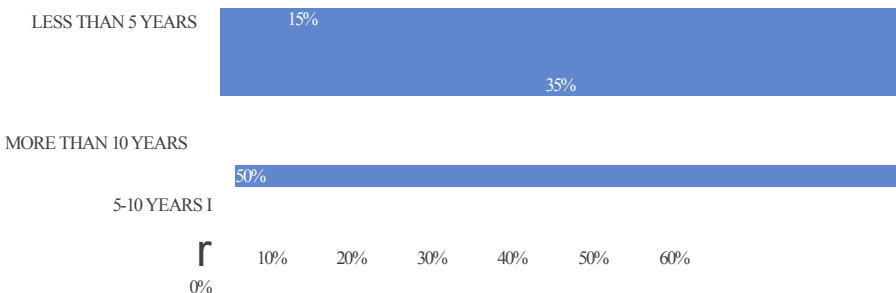
**Indicate your age**

	Frequenc	Valid Percent	Cumulative
26-35 years.	33	70.8	70.8
36-45 years	17	29.2	100.0
Total	50	100.0	

From the above data, most of the respondents were below the age of 26-35 which a recorded percentage of 70.8%, while the respondents who were at the age between 36 and 45 were recoded with a percentage of 29.2%. this indicated that probably most people who were involved with AIS in the banking sector were young people.

### 4.3.3 Period of working in organization

Respondents were asked to specify the length of time they had worked for the company. The results are shown in the diagram below.



*Figure 4.1: Working duration*

Majority of the respondents 50% showed that they had spent a significant amount of time working in the organization. About 5-10 years. 35% showed that they had worked for more than 10 years while the other 15% showed that they had worked for less than 5 years. This indicated that most of these workers had a good experience of working with AIS in their respective banks.

## 4.4 Adoption of AIS in banking sector

### 4.4.1 Importance of Adopting AIS in The Banking

Respondents were requested to indicate if AIS had any importance in their organization. The

results are recorded in the figure below.

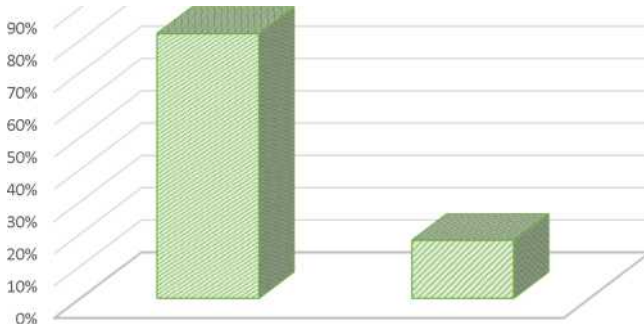


Figure 4.2: AIS adoption

Majority of the respondents 77% indicated that adopting AIS in the banking, while 23% of the respondents indicated otherwise. This indicate that adoption of AIS in financial sector would be fundamental to the well-being of these organization and it affects how they perform.

#### 4.4.2 The importance of AIS to organization

The Accounting Information System (AIS) is a critical component of every banking firm. Every bank has its own Accounting Information System department (AIS). They require the assistance of the Information Technology Department in order to carry out their tasks (IT). Based on content and thematic analysis, it was discovered via descriptive statistics that the majority of investors did not depend on standard financial data collection methods (Dhaliwal et al., 2012). The financial industry is very dynamic, with the potential of various variables impacting the environment; investors considered that conventional information sources were inadequate for decision-making due to this. The results gives a chance to illustrate how accounting information systems may enhance the decision-making processes of investors. This argument is founded on the fact that accounting information systems allow the consideration of real-time events and provide the ability to generate accurate and relevant data to improve the result.

Rather than focusing just on administrative efficiency, strategic information technology utilization may be helpful in decision-making, indicating the pervasiveness of information technology in management accounting. Numerous studies have been conducted to examine the impact of information systems on business performance, as well as the implementation and utilization of accounting information systems in small and medium-sized organizations (Wu et al., 2015). These studies indicate that strategy and strategic information technology are interdependent. Therefore, there is a relationship between better judgments and information systems.

### 4.4.3 Importance of Bank Services

#### a. Payroll

Payroll systems save time because they allow business owners to repeat payroll activities as needed. Due to the legal liabilities associated with employee payroll, structure is particularly significant.

#### b. Training

Employee performance is better, productivity is higher, employee attrition is lower, and business culture is better.

#### c. Recruitment and selection

Go through a rigorous sequence of questions and even skills tests to see if candidates are able to fulfill the work criteria. This provides assurance to the firm that they followed a legitimate recruitment strategy and chose personnel based on specified criteria rather than gut feelings. When a company accomplishes this, it increases the chances of someone succeeding at their job.

If a business does not need to replace staff on a regular basis, then they will save time and money that would otherwise be spent on finding and training new individuals. Recognize that if you're short on workers, downtime can ruin your business's revenue; keeping turnover low is vital. Posting job adverts, conducting interviews, and training new staff all take money and time.

### 4.3.4 Importance of banking services

Respondents were asked to further note down what they thought concerning the importance of the above-mentioned banking services and if they were important to their organization. The results were as indicated in the table below.

Table 4.4: Importance of banking services

	Frequency	Percentage
Yes	43	81.7%
No	7	18.3%
<b>Total</b>	<b>50</b>	<b>100%</b>

Majority 81.7% indicated that the services were important to the organization while 18.3% indicate that the services were not important to the organization. This clearly indicates that these services play a crucial part in the banking sector with AIS and this making them important.

## 4.5 Fundamental Elements Affecting the Decision-Making Process

### 4.5.1 Fundamental Elements

Respondents were asked to point out if there were important elements affecting their organization during decision making process. The results are as indicated below

Table 4.5: Fundamental Elements

	<b>Frequency</b>	<b>Percentage</b>
Yes	33	68%
No	17	32%
<b>Total</b>	<b>50</b>	<b>100%</b>

Majority of the respondents 68% indicated that there are important elements that affect organization during decision making process, while 32% indicated otherwise. This implies that most of the financial organizations and especially the banking sector have elements that are important when it comes to decision making process.

#### 4.5.2 Elements affecting Decision-Making Process

##### 1. Programmed versus non-programmed decisions

Managers are given precise parameters and criteria to work with, and they make preprogrammed decisions in foreseeable settings. The problems are well-defined, and the answers are well-structured. To handle problems and implement choices, established policy directives, regulations, and procedures are used. In exceptional occasions, non-programmed judgements are formed, and the results are usually unpredictable most of the time. Managers face unstructured challenges. These problems require a customized solution, which is usually handled by higher management. Starting a new firm joining another company, and shutting down a plant are examples of non-programmed decisions.

##### 2 Information inputs

It's vital to have enough and reliable information about the situation while making decisions; else, the decision's quality will suffer. It's crucial to keep in mind, though, that everyone has mental limitations that limit the amount of information they can successfully handle. Even while risk takers and highly authoritative people make decisions based on substantially less information than more conservative decision makers, having too little information can be just as dangerous as having too much.

##### 3. Discrimination:

Our perceptions are tainted by prejudice and bias which might result in inefficient conclusions. Firstly, perception is very selective, meaning that we only take the data that we want to accept. Additionally, perception is highly subjective, implying that data gets warped to fit our existing beliefs, attitudes, and values. For example, a prejudiced impression that a given person or company is honest or deceptive, a good or bad source of information, late or prompt on delivery, and so on, can have a substantial effect on the decision maker's objective ability and decision quality.

#### 4. Cognitive constraints:

The human brain, which is the fountain of thinking, creativity, and therefore decisionmaking, is constrained in several ways. Our memory, for example, is short-term, storing very few thoughts, phrases, and symbols unless we are in an unusual scenario. To add to that we can only perform a specific number of calculations in our heads, which is not enough to analyze all of the alternatives and make a decision.

##### 4.5.3 Extent of Agreement on Elements of AIS

The respondents were required to show the degree to which they agreed that those elements affected the decision-making process. The results were as indicated in the figure below.

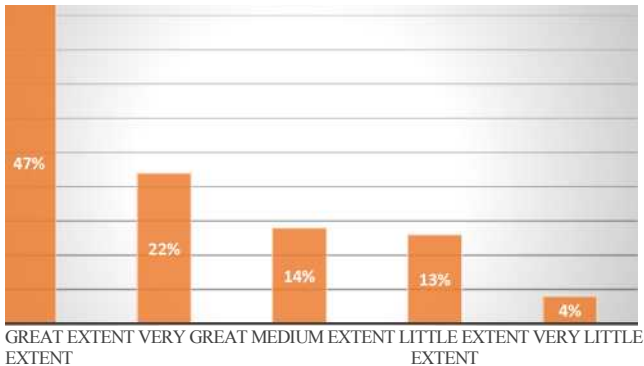


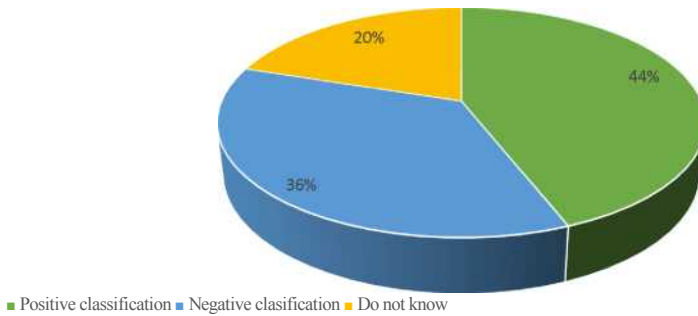
Figure 4.3: Elements of AIS

Most of them clearly showed that they agreed to a great magnitude (47%) showed that these elements affect their organization. (22%) of the them showed that they agreed to a very great magnitude that these elements affect their organization. (14%) of them showed that they agreed to a medium magnitude that these elements affect their organization. (13%) of them showed that they agreed to a little magnitude that these elements affect their organization. (4%) of them showed that they agreed to a very little extent that these elements affect their organization.

#### 4.6 Correlation Between the AIS and The Decision-Making Process

##### 4.6.1 Classification of AIS and decision-making process

Respondents were requested to classify the correlation between the AIS and the decision-making process in your organization. The results were as shown in the figure below



*Figure 4.4: Classification of AIS*

Majority of the respondents 44% classified the correlation between the AIS and the decision-making process in your organization as positive correlation, 36% classifies the correlation between the AIS and the decision-making process in your organization as negative correlation while 20% of the respondents did not know where to classify the correlation between the AIS and the decision-making process in your organization. This shows that most banks accepts that the correlation between the AIS and the decision-making process is an important factor in many organizations especially the banking sector firms.

#### **4.6.2 Positive Correlation Between AIS And Decision-Making Process**

##### **Saves Time and Costs**

Bookkeeping is described as a time-consuming process due to the large number of transactions to record and count. Nonetheless, all tasks can be automated and finished quickly using an accounting system. You don't need any more accountants to handle bookkeeping and other tasks, which frees up finances for other important demands.

##### **Minimizes Errors**

Manual calculations have a higher probability of mistakes because they depend on the accountant's competence to ensure accuracy. On the contrary, an accounting system automates the calculation procedure. Additionally it identifies issues like duplication. Accountants might devote less time to data correction and more time to tasks that need their skill.

##### **Provides Real-Time Data**

Accounting software helps you keep real-time track of your company's financial data. You can see how much money is earned and spent at any time. Real-time data is advantageous since it helps you to devise the most effective approaches and strategies for improving your financial management.

##### **Enhances Decision-Making Process**

If shareholders have access to extensive, accurate, and real-time reports, they will be able to

make informed and better financial decisions for the business. They can determine which processes are the most costly and then reduce costs later. They may also tell if a company is financially ready to grow, expand, hire more employees, try out new marketing strategies, and so on

#### 4.6.3 Recording of Positive Correlation Between AIS And Decision-Making Process

The respondents were further required to indicate if their organization records a positive performance when correlating AIS and decision-making process. The results are shown in the figure below.

Table 4.6: Recording Correlation Between AIS And Decision-Making Process

	Frequency	Percentage
Yes	37	73%
No	13	27%
<b>Total</b>	<b>50</b>	<b>100%</b>

Majority 73% indicated that their organization records a positive performance when correlating AIS and decision-making process, while 27% did not agree with the fact that their organization records a positive performance when correlating AIS and decision-making process. This implies that it is crucial for firms to keep a positive performance when correlating AIS and decision-making process for a good performance.

#### 4.6.4 Final output of Correlation Between AIS And Decision-Making Process

Accounting provides information on how a business interacts with internal and external users, such as investors, managers, and others. Information and information systems, according to, are seen as having increasing effects on businesses, including model sectors and management analyses.

According to Ovidian (2018), good accounting information should be available to provide accurate and efficient decision-making that can lead to the maximization of an organization's profitability and optimal exploitation of scarce resources. Accounting systems also check for authenticity through the auditing and accountability processes. Accounting data that is accurate and efficient plays a crucial part in management decision-making.

#### 4.6.5 Advantages of Correlation Between AIS And Decision-Making Process

In accounting, linking the two can aid decision-making and managerial tasks. The purpose of an accounting system is to provide financial data about the company under inquiry. The data pertains to a company's financial health and performance, and it is intended to aid decision-making.

### 4.7 How AIS Can Be Leveraged to Improve the Decision-Making Process

#### 4.7.1 Leveraging to improve AIS

Respondents were requested to indicate whether AIS can be leveraged to better

the decision-making process. The results were recorded in the figure below.

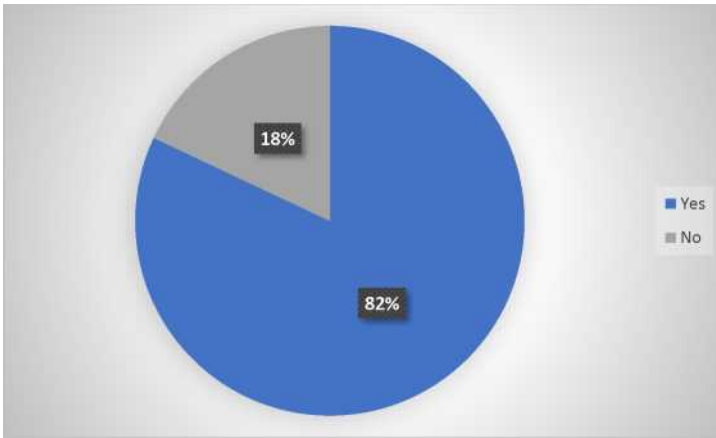


Figure 4.5: Leveraging to improve AIS

Majority 82% of the respondents agreed that AIS can be leveraged to better the decision-making process while 18% of the respondents disagreed that AIS can be leveraged to enhance better the decision-making process. This indicates that leverage is an important factor in AIS to concede when making organizational decisions.

#### 4.7.2 The extent of Agreement on Importance of AIS to be leveraged

Respondents were required to further show the degree to which they agreed that it is important for AIS to be leveraged to improve the decision-making process in your organization. The results were as shown below.

Table 4.7: Importance of AIS

	Frequency	Percentage
Very great magnitude	25	48
Great magnitude	16	18
Medium magnitude	5	14
Little magnitude	3	11
Very little magnitude	1	9
	<b>50</b>	<b>100</b>

Majority (48%) of the respondents indicated that it is important for AIS to be leveraged to better the decision-making process in your organization to a very great magnitude. (18%) of the respondents showed that it is important for AIS to be leveraged to enhance better the decision-making process in your organization to a great magnitude.

(14%) of the respondents showed that it is important for AIS to be leveraged to enhance better the

decision-making process in your organization to a little magnitude. (11%) of the respondents indicated that it is important for AIS to be leveraged to enhance better the decision-making process in your organization to a medium extent. (9%) of the respondents indicated that it is important for AIS to be leveraged to enhance better the decision-making process in your organization to a very little extent.

#### **4.7.3 Organizational advantage**

- i. Keeping the prices low
- ii. Products and services are differentiated
- iii. focusing on market niches
- iv. creating relationships with customers and suppliers
- v. supporting market entry
- vi. enterprises can compete with other businesses

#### **4.7.4 AIS on improving decision making process**

By giving reliable information in a timely manner, an AIS can help people make better decisions. There are numerous chances to improve decision-making by investing in more information technology (IT). Most businesses, on the other hand, do not have infinite funds to devote to enhancing their information systems.

### **4.8 Summary**

In summary, adoption of AIS in financial sector would be fundamental to the wellbeing of these organization and it affects how they perform. The Accounting Information System (AIS) is a critical component of every banking firm. Every bank has its own Accounting Information System department (AIS). They require the assistance of the Information Technology Department in order to carry out their tasks (IT). If a company does not require to replace workers on a more oftenly, it will save time and money on recruiting and training new staff. Recognize that if your company is short-staffed, downtime can be costly; keeping turnover low is essential. Posting job adverts, conducting interviews, and training new staff are all time and money consuming tasks. In exceptional situations, non-programmed decisions are made, and the results are often unpredictable. Managers face unstructured problems. These problems demand a customized solution, which is usually handled by higher management. Starting a new firm, merging with another company, or closing a factory are examples of non-programmed decisions.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter focuses on describing the summary, conclusion, and recommendations from the study. This chapter contains a quick description of the research findings. It also summarizes the

findings and makes recommendations for how to improve the current situation. The research implications are examined, and future study prospects are suggested. Section 5.2 contains the summary of this study, section 5.3 contains the conclusion, section 5.4 contains the limitations of this study, and section

5.5 contains recommendations for future research.

## **5.2 Summary of findings**

The primary focus of the study was to consider the correlation between AIS and better decisions in the banking sector in Nairobi and its relation to performance. Public financial statements do not adequately reflect the company's assets and liabilities owing to inefficiencies. Hence, the Study analyzes how management collects, saves, and secures important accounting documents based on the accounting information system.

The study found out that Payroll systems save time because they allow business owners to repeat payroll activities as needed. Due to the legal liabilities associated with employee payroll, structure is particularly significant. Employee performance is better, productivity is higher, employee attrition is lower, and the business culture is better. Go through a systematic set of questions and even skills tests to see if candidates are able to fulfill the job criteria. This ensures that the company followed a reasonable hiring method and chose personnel based on specified criteria rather than gut reactions. When a company accomplishes this, the chances of someone being successful at their job are increased.

The study further found out that most banks accept that the correlation between the AIS and the decision-making process is an important factor in many organizations especially the banking sector firms, it is important for organization to record a positive performance when correlating AIS and decision-making process for a good performance. Further, it was discovered that the Correlating the two (AIS and Decision-making process) in accounting can assist with decision-making and management activities. The purpose of an accounting system is to provide financial information about the company being investigated. The data pertains to a company's financial position and performance, and it is intended to aid in decision-making.

The study further found out that leverage is an important factor in AIS to concede when making organizational decisions. It is important for AIS to be leveraged to enhance better decision-making process in your organization to a very little extent. By giving reliable information in a timely manner, an AIS can help people make better decisions. There are numerous chances to improve decision-making by investing in more information technology (IT). Most businesses, on the other hand, do not have infinite funds to devote to enhancing their information systems.

## **5.3 Conclusions**

In conclusion, Managers are given certain constraints and criteria, and they make predetermined decisions in anticipated settings. The problems are well-defined and so are the answers. To resolve issues and make better choices, established policy directives, regulations, and procedures are used. For decision-making, It is vital to have enough and credible information about the circumstance; else, the decision's quality will decrease. It's crucial to remember, though, that everyone has mental limitations that limit the amount of information they can successfully handle. For example, a preconceived impression that a given individual or company is honest or deceitful, a good or bad source of information, late or prompt on delivery, and so on, can have a substantial effect on the decision maker's objective competence and the quality of the decision.

Accounting provides information on how a business interacts with internal and external users, such as investors, managers, and others. Information and information systems, according to, are seen as having increasing effects on businesses, including model sectors and management analyses. By giving reliable information in a timely manner, an AIS can help people make better decisions. There are numerous chances to improve decision-making by investing in more information technology (IT). Most businesses, on the other hand, do not have infinite funds to devote to enhancing their information systems

### **5.5 Recommendations for Further Study**

Several recommendations for advancing this study have surfaced while working on it. To begin, I recommend gathering data from various sources. Additional case studies, interviews or face-to-face communication, and secondary data analysis are all examples of this.

Moreover, I would recommend that comparable research be conducted at a larger number of firms so that the results may be compared to those of this study. A survey, rather than a case study of a few firms in the industry, would provide more information.

Finally, a study on the usefulness of accounting information systems in improving organizational effectiveness might be conducted. A comparable study might be conducted out in Kenya's vehicle industry, particularly on factors impacting accounting information system deployment or even problems encountered during adoption implementation of accounting information systems or even challenges faced during implementation of accounting information systems in the automobile industry in Kenya.

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## APPENDIX I

Tuesday, March 15<sup>th</sup>, 2022

To whom it may concern

Academic Reference for Lekorere Milly Napunyu- Student Number 110745

Strathmore University offers the Bachelor in Commerce degree program. In their 4th year of study, each degree student is required to work on a Management Research Project. The project involves reading literature that relates to the research topic; data collection and analysis and finally preparing a written document of the research findings and recommendations.

Napunyu is requesting to gather information to be used in her research. She is accountable for all information extracted from you and ensure that it will be used for research purpose only and will be kept confidential.

The research is entitled “**EFFECTS OF ACCOUNTING INFORMATION SYSTEMS ON DECISION MAKING IN BANKS IN NAIROBI KENYA**”

We are looking forward for your co-operation and assistance to the above-named student.

Any assistance accorded to her will be highly appreciated.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Mary Weremba', with a stylized flourish at the end.

**Mary Weremba**  
**Manager, Undergraduate Programmes**  
**Strathmore Business School**  
Email: m weremb a@ Strathmore. edu

## APPENDIX II

### Research Questionnaire

This research questionnaire focuses on collecting information to highlight the impact of Accounting Information System on strategic decision and bank performance in Nairobi. Please note that the answers provided will be used explicitly for academic purpose and confidentiality and privacy will be upheld.

**Please click here to indicate your informed consent to participate in this study SECTION 1: DEMOGRAPHIC INFORMATION**

The questions in this section are designed to collect demographic information such as age, gender, occupation, and place of work.

1. What is your gender?

Female

Male

2. Kindly indicate your group by marking on the appropriate box

a) 25 years and below

b) 26 years-35 years

c) 36 years-45 years

d) Over 45 years

3. What is the name of the organization that you work?

4. Based on the answer above, for what period of time have been working in the firm?

a) Less than 5 years

b) 5 to 10 years

c) More than 10 years

### SECTION 2: IMPORTANCE OF ADOPTING AIS IN THE BANKING

6. The set of questions below are designed to collect information implementation of AIS in the organization that you work.

7. Does AIS have any importance in your organization use?

i. Yes

ii. No

iii. I do not know

8. Explain how important is AIS in your organization

.....  
.....

9. Explain the importance of each of the following banks services in your organization

a. Payroll

.....  
.....  
.....  
.....

b. Training

.....  
.....  
.....  
.....

c. Recruitment and selection

.....  
.....  
.....  
.....

10. Do you think the above-mentioned banking services are important in your organization Yes

No

**SECTION THREE: FUNDAMENTAL ELEMENTS AFFECTING THE  
DECISIONMAKING PROCESS**

11. Are there important elements that affect your organization during decision making process

Yes

No

12. Highlight some of the elements that affect your organization during decision making process?

1.....

2.....

3.....

5.....

13. To what extent does these elements affect your firm

a) Very Great Extent

b) Great Extent

c) Medium

- d) Little Extent
- e) Very Little Extent

14. Explain how these elements affect your organization overall performance

**SECTION FOUR: CORRELATION BETWEEN THE AIS AND THE DECISIONMAKING PROCESS**

15. How would you classify the correlation between the AIS and the decision-making process in your organization?

- a) Positive correlation
- b) Negative correlation
- c) I don't know

16. If the correlation is positive in the question above, explain how

17. Do you think your organization records a positive performance when correlating AIS and decision-making process?

Yes

No

18. What are some of the final output does your organization get when correlation between the AIS and the decision-making process in the banking sector occur.

.....  
.....  
.....  
.....

19. Highlight the advantages of correlating AIS and decision-making process in your organization

i.....

ii.....

iii.....

iv.....

v.....

**SECTION FIVE: HOW AIS CAN BE LEVERAGED TO ENHANCE BETTER DECISION-MAKING PROCESS**

20. Do you think AIS can be leveraged to enhance better decision-making process Yes   
No

21. To what extent do you think it is important for AIS to be leveraged to enhance better decision-making process in your organization?

- a) Very Great Extent
- b) Great Extent
- c) Medium
- d) Little Extent
- e) Very Little Extent

22. What are some of the advantages that your organization get if AIS was to be leveraged to enhance better decision-making process.

i.....

ii.....

iii.....

v.

23. Explain in what ways AIS can be leveraged to enhance better decision-making process

**Thank you!**