

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

ACCOUNTING DEPARTMENT

**AN INVESTIGATION ON THE IMPACTS OF ACCOUNTING INFORMATION
SYSTEMS (AIS) ON FINANCIAL REPORTING- A CASE OF LOVE FOR AFRICA.**

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**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE
BACHELOR OF COMMERCE ACCOUNTING HONOURS DEGREE.**

2020

Approval Form

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Degree title: Bachelor of commerce Accounting Honors degree.

Year degree was granted: 2020

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Dedications

This research project is dedicated to my parents, family and friends for your unwavering support during my course of study.

Acknowledgements

My special and sincere gratitude is to the Lord Almighty for the grace and favor to undertake this program this far. I would as well like to express my utmost appreciation to Love for Africa for their role in my academic career thus through the information and knowledge imparted, am grateful. Furthermore I would like to appreciate the Midlands state university with special mention to the Accounting department for equipping me with the requisite knowledge specifically relating to the accounting field. Ultimately I would like to thank my family and friends for their continued support throughout my quest to attain the qualification; their contribution is indescribable and will forever be cherished.

Abstract

The inception of AIS has assisted various organizations globally, thus through the enhancing profitability, relevance of organizations in various industries, improved decision making process of business among other benefits. However from available literature, scant evidence actually point to the extent to which the AIS has contributed to the financial reporting aspect of business. This research therefore focused on this aspect thus investigating the impacts of AIS to the financial reporting aspect with particular focus to Love for Africa. The study adopted a mixed approach in the gathering of the necessary data required for the attainment of the research objectives, the major instruments in use being the questionnaires and interviews. The findings obtained from the research were presented in graphical formats which included tables, pie charts and graphs. An in-depth analysis was also conducted using the regression analysis. Ultimately the findings obtained and recommendations made were also outlined at the end of the research project and these included cost, operational efficiency and efficiency in the financial reporting aspect within Love for Africa, however there were notable challenges encountered in the use of the AIS these included, inadequate security measures over the AIS and regular system reviews was noted to be a cause for concern within the organization. In conclusion suitable recommendations were provided, and these included constant review of systems, improvement in security measures among others.

Table of Contents

Approval form	i.
Release form	ii.
Dedications	iii.
Acknowledgements	iv.
Abstract	v.
Table of contents	vi.
Chapter 1	
1.1 Introduction	1
1.2 Background of the study	1
1.3 Statement of the problem	5
1.4 Main research question	5
1.5 Research objectives	5
1.6 Research questions	6
1.7 Delimitations of the study	6
1.8 Limitations of the study	6
1.9 Assumptions of the study	6
1.10 Definition of key terms	7
1.11 Chapter summary	7
Chapter 2	
2.1 Introductions	8
2.2 Evaluation of AIS as an aid to financial reporting	8
2.2.1 The influence of AIS on financial reporting	8
2.2.2 Efficiency and Effectiveness of an AIS	10
2.2.3 Ability to represent financial statements diligently	11
2.2.4 Organizational effectiveness	12
2.3 Examination of how the use of AIS can present the risk of error and fraud	13
2.3.1 Implementation of a strong internal control system to use with AIS	13
2.3.2 Accounting information system and data quality	15
2.3.3 Management commitment	16
2.3.4 Periodic review and upgrades	17

2.4 Examine challenges that can be encountered when using AIS for financial reporting	18
2.4.1 Staff competence, commitment and management support	18
2.4.2 Data security and manipulation	20
2.4.3 Cost benefit analysis	21
2.4.4 Integration of AIS and obsolesce	22
2.5 Provide management strategies that the organization can adopt to overcome the challenges encountered when using AIS	23
2.5.1 Management commitment in the use of AIS	23
2.5.2 Management security measures to protect hardware and software used for AIS	24
2.5.3 Developing AIS through the use of accounting packages hand in hand	26
2.5.4 Review of AIS on a regular basis and changing packages when necessary	27
2.6 Summary	28
Chapter 3	29
3.0 Introduction	29
3.1 Research design	29
3.2 Sampling	30
3.2.1 Sampling technique	30
3.2.2 Sample Size	31
3.3 Target population	31
3.4 Research instruments	32
3.4.1 Questionnaire	32
3.4.2 Interview	32
3.5 Ethical concerns	33
3.6 Reliability and validity	33
3.7 Data presentation and Analysis	33
3.7.1 Data presentation	33
3.7.2 Data Analysis	34
3.8 Summary	34
Chapter 4	35
4.0 Introduction	35
4.1 Questionnaire analysis	35

4.2 Presentation and Analysis of findings	36
4.3 Questionnaires	36
4.3.1 AIS has an important role in generating account information for financial reporting	37
4.3.2 Is the quality of financial reports influenced by an effective AIS	37
4.3.3 The use of internal controls and monitoring controls improve the effectiveness of AIS	38
4.3.4 Does the absence of an AIS affect the relevance and reliability of financial information	39
4.3.5 The management participation in the implementation and use of AIS enhances the quality of financial reports	40
4.3.6 Inadequate training to users of AIS distorts data output	41
4.3.7 The use of AIS improves the budgeting process in the organization	42
4.3.8 How often is AIS in your organization reviewed	43
4.3.9 The use of AIS reduces the risk of error and fraud	44
4.3.10 Benefits are being derived from use of AIS	45
4.3.11 The use of AIS has brought positive impacts to the financial reporting aspect of the organization	46
4.3.12 Has organizational effectiveness been affected by the use of AIS	47
4.3.13 Security measures which have been put in place for the system and computer hardware are effective	48
Table 4.9 Regression	50
4.5 Summary	56
Chapter 5	57
5.0 Introduction	57
5.1 Summary of the research study	57
5.1.1 Chapter 1	57
5.1.2 Chapter 2	57
5.1.3 Chapter 3	58
5.1.4 Chapter 4	58
5.2 Summary of major findings	59
5.2.1 Findings on AIS as an aid to financial reporting	59

5.2.2 Findings on the reduction of error and fraud	59
5.2.3 Findings on the challenges encountered when using AIS for financial reporting	59
5.3 Conclusion	60
5.4 Recommendations	60
5.5 Areas of further study	60
5.6 Summary	60
Reference list	61
List of tables	<i>x</i>
List of figs	<i>x</i>
List appendices	<i>x</i>

LIST OF TABLES		
1.1	Number of errors corrected for the years 2016 to 2018	2
1.2	Cost schedule extract	3
1.3	Profit and trend analysis 2016 to 2018	4
3.1	Sample size of the research population	30
4.1	Questionnaire response rate	35
4.2	Findings on the role played by AIS in the generating accounting information for financial reporting	36
4.3	Result on the effect of AIS on financial information reliability and relevance	39
4.4	Results of how inadequate training of users may distort output from the AIS	41
4.5	How often AIS are reviewed in the organization	43
4.6	Results of the benefits from AIS use	45
4.7	Positive impacts brought to financial reporting by AIS	46
4.8	Response on effects of AIS to organizational effectiveness	47
4.9	Regression	50

LIST OF FIGS		
4.1	Influence of AIS on the quality of financial reports	37
4.2	Impact of internal and monitoring controls on AIS effectiveness	38
4.3	Responses to management participation in the implementation and use of AIS enables the quality of financial reports	40
4.4	Effects of use of the AIS on the budgetary process of the organization	42
4.5	The use of AIS reduces the risk of error and fraud	44
4.6	Security systems put in place are effective	48

LIST OF APPENDICIES		
1	Questionnaire	71
2	Interview questions	74
	Turnitin report	86

CHAPTER ONE

1.1 INTRODUCTION

The need to perform the study arose from the eagerness to objectively examine the real effect of accounting information systems on the entity's financial reporting aspect. The research will focus on the case of Love for Africa an organization incorporated in 2012 and is in the destinations management business in the tourism sector. The study would also contain the problem statement, the research goals and the research questions used to perform the research. Ultimately the limitations and delimitations of the study will be laid out as well.

1.2 BACKGROUND OF THE STUDY

Hall (2015) and Harash (2016) affirms that the implementation of accounting information system enhances the stewardship function of the entity. Mahindo(2014), Turner (2017) and Hall (2015) in their researches furthermore observed that accounting information systems have a direct impact on the profitability levels of the business. Daw (2015), Daoud (2014) and Fagbemi (2016) benchmarking performance measurement identifying areas for improvement were clearly identified and the overall organizational performance improved. Simkin (2015) and Romney (2015) agree as well that accounting information systems aids in value creation process of the entity. Rapina (2015), Genil (2015), Ware (2015) and Abdallah (2014) confirms that accounting information systems has brought a considerable degree of accuracy in the presentation of financial statements of organizations thus for both small scale enterprises. Ali-jabali (2015) also observed that the use of accounting information systems enhances transparency of transactions done by the organization. Nonetheless in researches done by Kronfrost (2014) and Dandago (2014) they had another view thus the continued advancements in accounting information systems and technological developments would imply a higher rate of obsolete resources. Walter (2016) and Perkins (2015) further states that the integrating of the ever evolving technology and reporting framework would prove to be a expensive. Ultimately, Deusidedit (2014), Hamel (2016) is of the view that the use of accounting information systems has very little contribution to the nature of the overall financial statements. However Genil (2015), Bartlett (2015) and Cosmin (2015) identified that the use of accounting information systems may have an impact on financial reporting hence left room for further studies. Nonetheless from available literature, scant evidence is

provided regarding the direct relationship which exists between accounting information systems and financial reporting. Therefore, the research intends to establish the benefits brought by accounting information systems to the financial reporting aspect of Love for Africa.

Points noted in the finance committee meeting indicate that, the company’s financial reports were not reliable due to the number of errors they contain (finance meeting 2018). Furthermore the inaccuracies were mainly attributed to the lack of an accounting information system within the entity which lead to multiple erroneous transactions, delays in the presentation of financial reports, increased operational costs and decreased profitability levels within the organization.

Table. 1.1 Number of Errors corrected for the years 2016 to 2018

Financial reports for the year ending 31 December	% Change	
	2016-2017	2017-2018
Period between reporting date and audit days	43.8	6.95
Number of correcting journal entries	44.16	(69.3)

Source: Chief accountant’s reports of the years December 2016 to 2018

From table1.1 it was noted that the number of days between the reporting date and the audit date was 130 days and during this period a total number of 120 correcting journal entries had been passed as indicated in Table 1.1., above, the finance director attributed this to the increase in volume of business and shortage of staff in the accounts department which lead to the increase in errors (Finance meeting 2018). This amount as displayed in Table.1.1. Increased by 44.16% in 2017 thus from 120 journal entries in 2016 to 173 journal entries in 2017. This was attributed by the finance director to the increase in volumes of business and the absence of an accounting information system which consolidates and processes such information. Rapina (2015),Ware (2015) and Genil (2015) affirms this position stating that accounting information systems assist in the timely presentation of information as the systems can manage high volumes of data more accurately and timeously. Ultimately as displayed in Table 1.1,above the number of correcting journal entries declined by 69.3% in the 2018 financial year thus down from 173 correcting entries in 2017 to only 53 in 2018.

Furthermore it was noted that financial reports were not being issued timeously (finance committee meeting 2018). These included the monthly departmental budgets as well as financials (management meeting 2018). This was indicated by the extension requests to various statutory bodies which included Zimbabwe revenue authority, immigration, Zimbabwe manpower development fund, Reserve bank of Zimbabwe, and National Social Security Authority for the remittance of annual financials by the entity (finance meeting 2018). Furthermore the audit report indicated that the management delayed to provide financial reports for audit (Audit report 2018).The delays had negative implications on the financial performance of the entity which included penalties paid, increases in audit fees and delays in provision of financing to the operations and reservations departments. The costs incurred are shown in Table 1.2., below;

Table 1.2. Cost schedule extract

	<u>2016</u>	<u>2017</u>	<u>2018</u>	% change 2016- 2017	% change 2017- 2018
Audit fees	\$2231.4	\$2429.3	\$6064.44	8.87%	149.64%
Statutory fines	\$982.2	\$33.79	\$1823.01	(96%)	105.9%

Source: Annual financial statements 2016 to 2018

In the audit review meeting it was noted that the audit fees for Love for Africa pvt ltd constantly increased from \$2231.4 in the year 2016 to \$2429.3 in 2017 being 8.87% increase in costs. This was attributed by the audit partner to the increase in the time frame the audit was conducted (audit review meeting 2017). The cost further rose by 149.64% in the 2018 financial year thus from \$2429.3 in 2017 to \$6064.44 in 2018.This was as well attributed to the increase in the audit period as the management delayed the process through seeking extensions and delays in availing of accounts.

In-addition, the amount for statutory fines in 2016 where at \$982.2 which was attributed to Zimbabwe manpower development fund penalties and Zimbabwe Tourism Authority penalties (finance meeting 2017). The cost declined in 2017 by 96% which was a significant figure for the entity to \$33.79, nonetheless in 2018 the amount rose by 105.9% from that of 2017 thus to \$1823.01 which mainly attributed to the immigration penalties and RBZ

penalties for failure to provide required returns on time. Genil (2015) commented that accounting information systems assist in the timely presentation of information as the systems can manage high volumes of data more accurately and timeously.

The lack of an accounting information system ultimately has repercussions on the profitability aspect of the business. Hall (2015) Is of the opinion that the use of the accounting information system has a direct impact on the degree of company profitability. During the end of year finance review meeting it was observed that the profits of the entity were significantly on the decline. These are displayed in Table 1.3., below;

Table 1.3., Profit trend analysis 2016 to 2018

	2016	2017	2018	% change	
				2016-2017	2017-2018
Net profit	\$301235.30	\$211259.37	(\$136546.9)	(29.86%)	(35%)

Source: Annual financial statements 2016 to 2018

The finance director during the performance review meeting indicated that the major cause of the decrease in profits was as a result of the increase in production costs and as well expenses incurred by the organization not necessarily a decline in the sales volume (finance meeting 2019). The company incurred a net profit after tax of \$301235.3 this was attributed to the low levels of expenses the company had during the year thus less expenses and low salaries (finance meeting 2019). During the 2019 financial year the company experienced a decline in the profitability level by 29.86% from the previous year thus down to \$211 259.37 from \$301 235.3 in 2016.It was noted during the meeting that the major cause was the increase in production cost which included among others the increase in staff and outsourcing of some administration roles as the firm was growing. In the 2018 financial year as depicted the firm encountered a major decrease in profitability levels thus by 35% from that of the previous year thus from a net profit after tax of \$211 259.37 to a net loss of \$136 546.9 in 2018.

This was noted to be of great concern (finance meeting 2019), management attributed the loss to the costs incurred in setting up of an accounting information system within the entity with the aim of ensuring efficiency in organizational operations and activities. Therefore the research intends to identify the direct relationship that exist between the use of the AIS and financial reporting aspect in the case of Love for Africa.

1.3 Statement of the problem

Love for Africa seems to be encountering challenges in the manner in which the financials of the entity are presented, furthermore financial planning and the generation of reliable financial reports has been a mammoth task within the organization, this in turn is costing the company in terms of increased level of expenditure and lack of confidence in the reliability of accounts by shareholders, the research therefore seeks to establish the actual benefits brought by accounting information systems to the financial reporting aspect of the entity.

1.4 Main research question

- What are the impacts of accounting information systems on the financial reporting aspect of entities?

1.5 Research Objectives

- Evaluate the use of accounting information system as an aid to financial reporting
- Examine how accounting information system prevents risks of error and fraud
- Examine challenges that can be encountered when using accounting information system for financial reporting
- Provide management strategies that the organization can adopt to overcome the challenges encountered when using accounting information system.

1.6 Research Questions

- Which are the possible and effective ways in which accounting information system can be used to aid financial reporting?
- How can an accounting information system prevent risks of error and fraud?
- What are the possible challenges that can be encountered when using accounting information systems for financial reporting?
- Which management strategies can be adopted by a company to overcome the challenges encountered?

1.7 Delimitations of the study

The study is to be conducted on Love for Africa and it will focus mainly on the Finance department, reservations and the operations departments. The research will centre on the impacts of accounting information systems on the financial reporting aspect of the

organization; however the research will not dwell on issues of sales and marketing promotions done to raise sales revenue. The research will as well concentrate on the period from 2016 to 2018.

1.8 Limitations of the study

The research will be limited only to Love for Africa's financials, this would possible limit the scope of the research and hence the outcome provided may specifically depict only the impacts of accounting information system of entities in the small entities in the tourism sector thus it might be varied as well to the impact in large entities or those in different lines of business. Furthermore the study will respect the confidentiality of some information and will only be based on the information on which permission to use has been granted. Nonetheless the lack of access to the entire AIS leads to the reliance on the information provided by users of the AIS hence this might prove to be skewed in the views of the user; however respondents will be deemed to have provided the information requested in utmost good faith

1.9 Assumptions of the study

The research will assume all the information required for the study has been obtained unless stated. The researcher will assume that information provided by employees depicts the true view of the entity. Furthermore management representations will be deemed to be accurate in all material respect hence the dependence on views and not the entire AIS may have a negative influence on the findings.

1.10 Definition of key terms

Accounting information system- (Kumar 2014) defines it as a computer based system of records, which unite accounting concepts and principles in which the information is used to record and analyze business transactions for the purpose of preparing and providing accounting information to the intended users

1.11 Chapter summary

The use of AIS has been adapted by various businesses in the modern world in their business operations including various tourism players. The research therefore seeks to identify how the use of accounting information systems impacts the financial reporting aspect of entities with special attention to Love for Africa. The main research question being, what are the impacts of accounting information systems on the financial reporting aspect of entities? Ultimately

the research will consider delimitations such as time and focus thus the research will only pay attention to a section of the entity being the finance, reservations and operations departments.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter dwelt much on the views and literature from various scholars about the impacts of accounting information system on financial reporting of entities. This is in-order to obtain a basis for validation of the research. Hargreaves and Farasacco (2015) indicated in their findings that; literature review enables the researcher to be modern with a solid appropriate basis which then authenticates the research. Therefore the research is going to review the use of AIS as an aid to financial reporting, the different types of AIS and their impacts on financial reporting.

2.2 Evaluation of AIS as an aid to financial reporting

2.2.1 The influence of AIS on financial reporting

Results from studies done in prior literature, affirms the relationship between accounting information systems and financial reporting. In a research conducted by Ghasemi (2014) AIS has been observed to bring about various positive impacts on the financial reports such as reduced levels of fraudulent activities by limiting the number of personnel who can amend financial information in the system so as to ensure that all information entered is correct and any amendments are authorised. In addition Ali-jabali (2015), Sambasivam (2014) and Assefa; (2014) also observed in their research that, AIS enhances the accuracy and transparency of transactions is enhanced within the organization.

Furthermore in separate researches conducted by Barvayeh et al. (2014), Genil (2015), Ware (2015), Rapina (2015), and Abdallah (2014), it was further noted that the time taken to close accounting periods and year ends lessened and the individual processing of different transactions was now conducted at a faster rate thus, in turn increased the efficiency levels of organizations and their productive capacity.

Goreva et al (2014) added that resources (financial and non financial) required for accounting activities are significantly reduced with the implementation of an accounting information system hence reduces as well human error. Steinbart (2014), Romney (2015), Daw (2015), Al-Najjar, Fayeze (2014), Daoud (2014) and Fagbemi (2016), indicated that with the utilization of AIS enhances the financial planning process of the organization this includes providing long term forecasts of the entity's expected income and expenditure ,budget preparation, budget reviews, benchmarking, and comparisons between the past current and future aspects of the organization. Knezevic et al (2014) added that the automatic data transfer from different subsystems thus the analytical bookkeeping into the sub system of the general ledger makes recording and safe keeping much easier for the organization.

However, the organization would have to consider certain level of education for the users of the AIS as the organization will never realize the full potential of the AIS with incompetent staff hence underutilizing the system. This would lead to increased training costs for the workforce. Furthermore, Wilkinson (2014), Walter (2016), Perkins (2015), Deusidedit (2014), Hamel (2016), and Sipponen (2014) are of the view that although AIS can bring the desired benefits, the security aspect of accounting, and the organizational confidential information might be risked by employing the system.

They stated that, electronic system increases the chance of theft, embezzlement, and other types of crimes on the organization. This was also attributed to the negligence or failure to comply with security policies by staff members even without any malicious intent. Ultimately from available literature, it was noted that many scholars identified were of the view that the positive impacts out-weighed the negatives, therefore the research seeks to identify the possible solutions to the problems identified by researchers such that the benefits accrues fully to the organization.

2.2.2 Efficiency and effectiveness of an AIS

Qasim (2014) and Kumar (2014) are of the view that for an accounting information system to be efficient and effective it has to have many tasks and processes such as collecting, and storing the activities and operations data effectively and efficiently; thus by classifying, summarising the data, generating useful information for decision making and providing constant and adequate supervision. Sajady (2014), Kronfrost (2014) and Dandago (2014) also indicated that the other qualitative characteristics of which in turn enhances efficiency and effectiveness of an AIS is the sound internal control system of the organization.

Shaheen (2015), Haddad (2015) and Atmeh (2015) also affirmed that internal controls were discovered to be a vital component in the overall success of an AIS as there is a correlation between the environmental, legal, technological and cultural factors within an organization. Furthermore in another research conducted by Mudashiru et al. (2015) and Choga (2015) it was indicated that the accounting information systems lead improved and timeous decision making by management which in turn lead to an efficient organization. Ramly (2014) also added that accounting information system combined with a qualified human resource will bring about a high level of efficiency and effectiveness within the organization; thus reduced costs and increased productive efficiency of the organization sequentially.

Hafnawi (2016) further states that, an accounting information system is efficient and effective once it possesses the qualitative characteristics; thus accuracy, timing, and the processing of data into useful information to promote business operations and the information should be useful to both internal and external decision makers. Ali-jabali (2015) and Hafnawi (2016) further expands stating that accounting information systems has to be transparent, correct, and perfect so as to provide accurate information to decision makers. Genil (2015), Bartlett (2015), Cosmin (2015) and Hussein (2015) indicate that timing is a vital factor to the success of the organization hence an accounting information system cannot benefit the organization if the information it produces is out dated.

Nonetheless other scholars have a different perspective with regards to the efficiency and effectiveness of an accounting information system. Delone (2016), Sutton (2016) and Goreva et al. (2014) indicated that the goal to attain effectiveness and efficiency is largely dependent upon the organization's work environment thus; employee motivation level and the experience in the particular job not entirely on a system. Ultimately, Deusidedit (2014), Stankovic (2014), and Kennedy; (2015) in his research indicated that insufficient supplies of

equipment and gadgets and inadequate accounting personnel establish the key interruptions to successful employment of an efficient accounting information system.

Therefore the purpose of the research was to obtain the optimum mix of information technologies, qualitative characteristics, work environment and the internal control structure so as to produce an efficient and effective AIS system in Love for Africa which would attain the desired goals in their financial reporting aspect.

2.2.3 Ability to represent financial statements diligently

Spathis (2016), Constantinides (2014), Hall (2015), and Harash (2016) states that an AIS as a subsystem of management which works among other internal controls set by the organization ensures that all entries are correctly, properly logged (in line with financial records) and in compliance with the applicable accounting standards. This enables the system to be able to provide transactions in utmost good faith to the decision makers of the organization. Millchamp (2014), Taylor (2014), and Arens et al, (2015) state further that the developed AIS should ensure that the preparation and presentation of financial statements is in accordance with relevant accounting and legal standards or should be able to provide reasonable assurance that their financial statements were presented fairly and in all material substance.

Furthermore Genil (2015), Ware (2015), Granlund (2015), Malmi (2015), Kim (2014), and Grant (2015) further explained that the integration coordinates transactions and units within the AIS and that leads to better adaptation of business to the international standards and helps the organization gain a competitive edge over its rivals. In separate studies conducted by Daw (2015), Peter (2014), Francis (2015), Stefanou and Chang (2015) indicate that the results of the AIS are also as a result of the prevailing internal control systems within the organization. This implies that a weak system of revenue recognition, reconciliations and segregation of duties within the organization as would reduce the reliability of the accounts.

However Ali; (2014), Spathis (2016), Kanelleou and Veleu (2015) considered that, in order for AIS to be able to present its financial statements faithfully, it depends on the accountant, since the accountant decides on the system to be adopted, as they know how the organization operates and the framework within which it intends to present the financial statements. Ultimately Idagu; (2014) and Saudani; (2015) are of the opinion that AIS can present financial statements faithfully and in all material respects as data processing will increase and information can easily be classified. Rehena; (2011) and Colmenares (2015) indicated that

the AIS adaptation focuses on presenting the financial statements and thus enabling financial statements to be presented economically and the information can be easily communicated to users.

Nonetheless, whether the AIS can be fully entrusted (individually or combined with other elements of an internal control) as a basis of faithfully represented accounts in the organization under research is the other thrust of the research.

2.2.4 Organizational effectiveness

Oguntimehin (2016) is of the view that organizational effectiveness is the ability for an organization to yield its desired results within the required time frame Hassani (2015) and Kharabsheh (2015) defined organizational effectiveness as the relationship that exists between targeted objectives and actual objectives. This implies that the extent to which the objectives are attained as a result of the use of AIS could be quantified to obtain the total effectiveness of an entity. Grande (2015) further stated that the optimum use of AIS has various benefits it has to the effectiveness of the organization which include better adaptation to the changing business environment, better management of arm's length transactions and a high degree of competitiveness.

In addition different studies by Daw (2015), Peter (2014), Gattiker and Goodhue (2014) the amount by which an organization achieves its set goals with the use of AIS has a contribution on the efficiency of the organization. Hunton, (2015), Ronald (2016), Houmes (2015), Brazel (2015) and Dang (2016) researched on the relationship between computerized accounting and hierarchical adequacy; the analysis found that there was a firm relationship between accounting framework and authoritative viability, which implies access to accounting information, would prompt authoritative viability. Accounting information ought to provide to the decision maker the requisite information regarding the state of the entity to enhance planning and the capacity to anticipate future actions so as to ensure that organizational effectiveness.

However, to achieve organizational efficiency a sound internal control system should be in place which is of significant importance when adopting the use of accounting information system, Done (2014). Furthermore Ramly (2014), Marshal (2015) and Romney (2015) added that the effectiveness of AIS is also hinged on the qualifications of the human resource. This implies that if the organization has competent human resources who are able to fully utilize

the system, the full benefits will be obtained from the system hence its effectiveness is not entirely be depended upon the system. Onaolapo and Odetayo; (2014) suggested that the degree of effectiveness of AIS can also be measured by how the system aids the decision making process of management, the quality of accounting information, performance assessment, and internal controls and facilitations of transactions for the entity.

They also indicate that the primary explanation behind the creation of accounting data is to encourage leadership in order to be able to achieve authoritative appropriateness. Nonetheless for accounting reporting provided by an AIS to be effective it needs to be complete relevant and reliable. Ultimately the research will revolve around areas which are deemed to be the key drivers of organizational effectiveness thus is it wholly the system or other factors.

2.3 Examination of how the use of AIS can prevent risk of error and fraud

2.3.1 Implementation of a strong internal control system to use with AIS

Elder et al, (2014) and Yousef (2014) describes an internal control as the set of approaches, and methodologies intended to give a sensible certification to the management that the organization's objectives and destinations have been met, and that the information provided is free from error and other misstatements thus the financial reports should give a reasonable assurance that information provided is accurate. An accounting information system, complemented by these approaches entails efficiency that is through, detection, prevention and the correction of any risk of error or fraud.

Messier et al (2015), Bartlett (2015), Arens (2015) and Hall (2015), indicated in their studies that the main purpose of management to outline a viable internal control system is in order to ensure that the AIS implemented attain their primary objectives which include viability, productivity and dependability of financial reports produced. Bodnar and Hoopwod, (2017), Nzomo (2018), Harsh (2015), Son and Grabtree (2017) stated that when management sets in place an AIS they should ensure that the internal control system is sound and efficient. They stated that the internal control system should be unique to the control system, substance's risk evaluation, data framework and correspondences, the control exercises and checking controls. Management is stated that, they should ensure every section of an internal control is actualised in a specified application framework contained in the exchange cycle of an association, the organization's plans of an exchange of arrangements for internal regulation, which should be consistent with the AIS introduced in an organization.

On the other hand other researchers like Mahindo (2014), Fardina (2015), Francis (2016), Dogan et.al (2017), and Lehtinen, (2014) They are of the opinion that it depends not only on a sound internal control system but also on general controls designed for the internal control system. These general inspections include exchange handling control, general handling control and application control. The general inspections are intended to ensure that data preparation takes place in a sensitive control and reliable environment. These would provide reasonable assurance that the risk of error and fraud is reduced to low levels. In addition, there are presentation controls that are intended to control accounting applications in order to ensure that they are fulfilled, accurate, properly approved and exchange handling acceptance when using AIS, so as to ensure the efficient operation of AIS. (Fardina, 2015). Such controls can be utilized incorporate the information controls endorsement, special case data input, passwords, cluster sequential number, control registers, entirety control, accomplish control, line control, hash total, course of action checking, check digit, and termination. (Hall 2015). Ultimately Ramy, (2014) observed that there are preparation checks intended to state that details have been handled and that no exchanges have been lost or incorrectly incorporated into the preparation stream

2.3.2 Accounting information system and data quality

The use of AIS for financial reporting is premised on the quality of the information it produces, thus to say the quality of the information produced is of great importance to decision makers and users of accounting information. Al- Hiyari et al; (2015) is of the view that without the right information, there is a risk that decisions made by users of accounting information will not depict the true position of the entity. On the other hand Dandago and Rufai (2014) state that for an AIS to be regarded to be effective and the financials derived from it free from error, it must possess the attributes of accuracy.

While Jerome (2015) and Moon et al. (2016) expands further stating that they ought to present financial statements that are correct in all material respect and as well comply with the generally accepted accounting policies for the information to be considered accurate. Ramly (2014), Goodwin (2012) and Aggrawal, (2012) further state that for the financial data to be of an acceptable quality it should be relevant. The information considered to be relevant is one which would enable management to make decisions which enhances the performance of the company. More so, Schermerhorn (2014) indicated as well that quality data is one

which is possesses the quality of timeliness. Thus financial information has to embody the timeless attribute thus be able to be presented within the stipulated periods.

Schermerhorn (2014) further stated that the information has to relate to the financial period to which it is being presented. However, Creswell, (2014) Peter (2015) are of the view that for AIS to be able to significantly lower the susceptibility to error it is also dependent on the quality of data which is inputted into the system. That means if wrong data is input into the system, wrong information is also obtained from the system. Nonetheless to combat this problem Grand (2015) and Fraenkel et.al (2016) indicate that such risks can be reduced by the set up of internal control systems which include authorization of transactions by a supervisor or updating of information in the system by a supervisor this in turn reduces the risk.

In addition, the other characteristic of quality data is understandability. Kabiru and Abdullahi (2014) affirmed the assertion that the implementation of AIS enhanced simplicity of financial information hence enhancing understandability of information as well as the provision of reliable information in the industry under research. The use of AIS has also lead to timely and accurate preparations of reports which have increased the performance of various organizations. Kouser; et al (2014) and Champs and Luna- Arocas; (2019) are of the view that AIS can present quality information if it is used with the aid of human skills which include the ability to understand the use of AIS and knowledge.

If AIS is used by people without knowledge and skill, it will yield results that are misrepresented, and there is also a high risk that fraudulent acts may occur. The quality of AIS can be seen by the types of accounting information provided, this information can be seen from the relevant criteria, accuracy , timeliness and completeness. (Muhammad; 2014). Rahaya; (2015) noted that the impact of management commitment on data quality and AIS has an adequate impact on accounting data and therefore management needs to receive adequate training to improve and develop AIS resources. However the researcher seeks to identify the best methods which Love for Africa can implement in-order to attain and maintain the acceptable data quality within the organization.

2.3.3 Management commitment

Copper (2018) is of the opinion that the management commitment in engaging and maintaining behaviors to ensure that others achieve organizational goals. It was as well further noted that as the management commitment levels increase accounting information system's effectiveness also improves. Rahayu (2014), Muhindo et al. (2014) conducted a review of the impact of management commitment on data quality and AIS indicated that management duties and the nature of information together have an impact on the accounting information system, despite the need to strengthen management commitment and responsibility for information quality. August et al. (2014) It also suggested that management should be interested in the implementation of the program, because it is the program that will provide the knowledge that will be used to make decisions, hence the need to understand the system.

Furthermore, Liebler and McConnell; (2015) in their view, the duty of management is the aggregate responsibility for participatory administration and worker reinforcement, as well as for intra-and interdepartmental teamwork and enhanced correspondence throughout the company. It is further indicated that management commitment is a form of administration that is gone to inspire a guarantee, so conduct is ultimately self-managed rather than governed by approvals and weights outside the individual and relationships within the organization. Armstrong; (2014) and Woodside, (2014). Kumar (2014), Romney; (2015), Pairat; (2014) Grande; (2015), Bondnar, and Hoopwod; (2016) It was also mentioned that the participation of management and dedication in the use of AIS also improves the chances of reducing the risk of error and fraud, as they would be able to understand what workers have been processing in the system. Renkas (2016), Goncharenko (2016), Dzoma (2014),Lehtinen(2014) and Kronfost (2014) stated that the involvement of management works as well as a control measure in the entity.

It was further noted that management participation also ensures that the information submitted is of the highest quality because it is the information that sets the expectations and controls that the workers should comply with as well as monitoring the system. Ultimately the research ought to identify the key uses and impact to the AIS does Love for Africa management's commitment bring on the implementation and success of the AIS.

2.3.4 Periodic review and upgrades

Periodic system reviews and upgrades of the AIS was noted in a research conducted by Walter (2016) and Perkins (2015) to be an expense to the entity as the information and technological sector is highly dynamic. It was further noted in another research by Morris (2014) which stated that the modules included in the AIS determine the cost and upgrades usually come with additional modules which implies additional cost to the entity. An example stated was the integration of the payroll system in the overall accounting information system

Ultimately Eichhorn and Towers (2018) also indicated that most of the AIS software is subscription based software hence that increases the operational costs to the entity. However some researchers also viewed these updates as avenues which would increase the revenue potential of the company. Hall (2015) and Harash (2016) observed that the implementation of accounting information system enhances the stewardship function of the entity. This implies responsibility in business dealings and daily operations at the work place across the whole entity thus from general workers to the management.

In addition, it was observed in another research conducted by Mahindo(2014), Turner (2017) and Brand (2017) in their researches that accounting information systems have a direct impact on the profitability levels of the business, hence a friendly effective and simplified system enhances the profitability aspects of the business. The constant upgrades enhance the integration of the organization's various departments. Kanellou and Spathis (2016) Concluded that integration improves efficiency and incorporates accounting and process implementations hence improving the gathering and processing of data into useful information for decision making. They further observed that integration leads to cost reduction, increase IT infrastructure capability, quality improvement, support organizational changes and enhances business flexibility.

Ultimately Esteves (2016), Scapens and Jazayeri (2016) also noted some issues to do with improved security for the organization's records, finances and other confidential information. This would ensure that the organization has significantly reduced the risk of losing its finances from familiarity of the system by users. Upgrades were as well noted to provide time for audit of the system as well as assess the strengths the system has and its limitations hence giving room for the weakness to be addressed. In as much as the upgrades of the systems are concerned, the research will shed light on the impacts of this phenomenon hence provide as well avenues to fully reduce the negative impacts which it may wave to the organization.

2.4 Examine challenges that can be encountered when using accounting information systems for financial reporting.

2.4.1 Staff competence, commitment and management support

The overall success that is implementation and operational success of an AIS is not entirely depended on the system to be implemented but as well the human resource that works with it Cooper (2018). Hifni (2017) identified that one critical challenge which can be encountered when using AIS for financial reporting is the issue of resistance from staff and members of the management team. It was noted as well in another in a research conducted by Lockwood (2014) and Hendriks, (2015) that the major reason why staff mostly resists such changes is the issue of the lack competence and as well the fear of being rendered irrelevant. It was further noted that staff with little or no knowledge in issues relating to information technology would view this as a way rendering them irrelevant to the organization hence they tend to resist. Genil and Valencia (2015) also observed in their studies that some of the resistance for change done by employees is just the fear of the unknown.

The use of an AIS would ultimately make the future of their occupation bleak hence they would resist the use of the system that results in challenges in using the AIS within the organization. Furthermore another research conducted by Salehi (2014) and Torabi, (2014) indicated that the use of an accounting information system would not generate any considerable benefits to the entity especially with the existing staff lacking commitment. They dwelt most on the concept of garbage in garbage out entailing that if wrong data is input into the system similar results would also be obtained. This may also be a deliberate move by the members of staff in order to get rid of the system. In addition Hurt (2016),Romney et.al, (2015), Sofal (2015) and Hiro (2016) observed that some AIS packages are do not produce results which are commensurate with the reporting framework. This would however increase the amount of work done by the employees thus capturing the data into the system and realigning it to suit the required accepted reporting framework hence staff commitment to the system would significantly decline in such scenarios.

Ultimately separate research conducted by Eierle, (2014), Schultze, (2014), Hurt, (2016), and Trigoa et.al (2014) indicated that most management teams are not highly knowledgeable in as much as IT concepts are concerned hence with the use of an AIS that much beyond what they can comprehend may lead to resistance of the system. Ruto(2015) further explained stating that this is attributed to the idea that they may not understand or be able to identify any

anomalies which may be taking place within the organization leading to the resistance of the system. Nonetheless in a nutshell the research seeks to identify such challenges in the organization under research thus how they may affect the efficient flow of the AIS and how that can be overcome.

2.4.2 Data security and manipulation

Kapardis and Clark (2016) in their separate studies indicated that data security is an important aspect of an efficient AIS. Deusidedit (2014), also stated that due to the constant evolvement in the information and technology environment, most entities have been in a bid to ensure that they employ online AIS hence facilitating the ease of doing business, however this would imply an increase in the security risk for the entity's resources. The ability to process and store data in a discrete and secure environment is a critical element of the overall system. Haddad and Atmeh (2015) states in their research that, an AIS needs to be protected from various external and internal threats. These include viruses which have the potential to corrupt accounting data files and other company documentation which will be kept within the system. Threats were identified by Soudani (2015) as data theft, viruses, unauthorised duplication, corruption and other physical damages to the components of the information systems. Due to online computer systems being dominant, the issue of security of an AIS becomes of considerable interest since the risk aspect has as well increased Nkuhi, (2015).

Management should ensure that the system is consistently monitored in order to avoid such from occurring. Fardiral (2014) is of the view that the system could be secured by the use of a secured data base by either passwords, proper segregation of duties and firewalls. Proper segregation of duties would entail that users of the system do not have ultimate access to all the information and all aspects of the system. This would significantly reduce the internal risk of data manipulation. Secure AIS translates to reduced fraud levels and reduced transaction errors as there are always constant checks and balances. Furthermore, cloud services or other forms of back up would highly be of considerable benefit to the organization as this would provide a platform to restore the organization's information if such anomalies occur.

Nonetheless, evidence from other researches indicate that there is a positive relationship between the security aspect of AIS and the internal control aspect of the organization. Rorney, (2015) and Muhammad, (2014). Thaer, Laith and Anyam; (2014) stated that issues relating to the internal control structure also contribute to the safety of the company's

resources hence the lack of robust systems of internal controls as well increases the risk of data manipulation and other security threats.

They stated that once a framework for establishing suitable levels of information security for the organization and information systems is in place, risk associated with theft, misuse, damage and abuse of the system would decline significantly. Furthermore to make the users of the system aware of and comply with all available and relevant work code of conduct thus the principles by which a safe and secure information system working environment is created for both staff and other authorized users. Ultimately the management also ensure that all the users understand their own responsibility for protecting the confidentiality and integrity of the organization's data.

2.4.3 Cost benefit analysis

The adaptation and use of an accounting information system comes along with its related various costs to the entry under taking these. The entity would have to either purchase an on the shelf AIS or design one according to their specifications. This is nonetheless of insignificant impact if the costs incurred are less than the benefits obtainable from that particular AIS. However with small entities these costs could outweigh the possible benefits from the system. Various scholars have argued on this aspect in multiple researches. Trigoa et.al, (2014) and Abdallah (2014) argued that the implementation of such systems especially in small entities tend to bring about a huge blow to the operational efficiency of the organization.

Dauod (2014) and Triki (2014), Sugut (2015), Graham et.al (2015) and Dogan et.al (2017) also stated in their different findings that the costs of developing, and implementing an AIS is a drain to the working capital of small businesses hence the costs associated with its implementation ultimately exceeds the potential benefits from such a system. This was explained in the context of the short term survival ability for the organization stating that the few resources which would be needed for operations would all be drained by the development, implementation, and constant review of the system to be gain a competitive edge. Furthermore Lehtinen (2014), Son and Grabtree (2016), Khasharmeh and Alijiri, (2016) added that production time is lost during the training process of staff on how to use the system and also the cost of training its self increases the operational costs of the entity.

In addition it was also noted from the findings in a research conducted by Khasharmeh and Aljiri (2018) that for small entities the implementation of an AIS would prove to be an expense and not of any significant economic benefit to the entity as the volumes of transactions will still be manageable and the working capital of the entity would still be strained hence implementation was recommended only when an increase in the size and operations of the entity is highly probable.

Weinstock and Goodenough (2016) addressed the issue of scalability in relation to the organization. This has been described as the ability to monitor workload as the use of an AIS increases. When an company grows in size, accounting work will be enhanced and its sophistication will be increased, so that an AIS is required. Rajapakse (2014) Cited scalability as the manner in which an AIS is modified to suit the demanding business activities at the same time.

However other writers argue this position citing that cost of the operations within an organization, are significantly reduced with an efficient implementation of the system. Magdalene (2015) and Bob (2017) highlighted that AIS eliminated a high volume of manual labor, paperwork within the organization, thus leading to reduced operational costs. Ultimately, Lehtinen (2014) indicated in the findings of his study that, the implementation of an accounting information system is also depended on the industry in which the organization is in and obtained that in some environments implementation even on a small scale would significantly assist the organization in its growth prospects. Therefore the research seeks to obtain an validation if the implementation of an accounting information system benefits small entities in the tourism industry in Zimbabwe.

2.4.4 Integration of AIS and Obsolesce

Wanyama and Zheng (2014) states that various components make up an AIS, an ERP (Enterprise resource planning) system is an intelligent business software that allows integration of business functions of various departments in an entity. This integration can be a task the entity may fail to organize. An AIS within an organization has to be integrated for an efficient attainment of the organization's goals. Gumbura (2014) suggested that organizations lacking integrated AIS usually spend many resources during the development of information which should have been obtained much easier with an accounting information system.

Bradford (2014) further states that data corruption, errors, manipulation in decision making, data risk, security risk and computer viruses constitute the risks associated with the non integration of an AIS. Various departments all have to be connected such that the system provides reliable information for reporting purposes. Turban et.al, (2015) identifies these aspects as, revenue and customs interface, HR payroll interface, accounts receivable interface, accounts payable interface, and procurement interface. Furthermore Pereless, (2014) identified that the aspect of an AIS using modern technologies the rate of obsolesce is very high hence constant review of the system to ensure relevance is of essence. This poses great challenges to the organization's finances as well.

Furthermore changes in the reporting framework by regulatory authorities in the jurisdiction of operations imposes great challenges to the organization as it has to keep a constant upgrade of their system in-order to maintain relevancy. In addition, Jerome (2015) and Kumar (2014) obtained that an increase in the business handled by the organization would as well imply an adjustment in the AIS put in place by the organization. Ultimately Gumbura (2014), Mbroh (2014) and Attom, (2016) and Mwangi (2015) in their researches it was as well obtained that the constant developments in the technological environment would as well imply constant security checks by the and improvements of the system by the organization in-order to ensure the safety of the organizational finances.

2.5 Provide management strategies that the organization can adopt to overcome the challenges encountered when using accounting information systems

2.5.1 Management commitment in the use of AIS

Sudalaimuthu (2014), Raj (2014) and Cooper, (2018) Considers that management engagement requires and retains behaviors that allow others to achieve the organizational objectivess as the management contribution improves the efficiency of the accounting information system improves. Ahmad; (2016) and Soudani; (2015) In their study, they indicated that if the level of top management support existed , the top supervision could not have been included in the implementation of the system, apart from supporting the purchase of the network framework, they found that management had a duty to construct the adequacy of the data framework as they provided the assets expected from AIS activities.

A review was carried out on the effect of management engagement on data quality and AIS and there was an indication that management roles and the existence of information together

have an impact on the accounting information system, given the fact that management's dedication to information quality should be improved, as well as the lack of top management amplitude amplexness for preparing and subsidizing for assets advancement Rahayu; (2014) and Muhindo et al; (2014), August et al; (2014) This also suggested that management will be active in the development of the program, as this is the framework that will include the details that will be used to make decisions.

Liebler and McConnell; (2015) are of the opinion that the duty of management is an aggregate responsibility for strengthening participatory administration and the worker, as well as strengthening teamwork and enhanced correspondence throughout the company. Management commitment is said to be a form of administration that is gone to inspire a guarantee, so action is basically self-managed rather than governed by approvals and weights outside the person and relationships within the organization. Armstrong; (2014). Management involvement and commitment in the use of AIS also increases the chances of reducing the risk of error and fraud as they will be able to understand what the personnel would have processed in the system. Grande (2015).Management dedication also ensures that the information submitted is of the highest quality because it is the information that sets the criteria and controls that the staff will observe.

Love for Africa 's management involvement affects the quality of data provided by the use of AIS as they ensure that the defined guidelines are followed and include workers as they conduct monthly evaluations of their results.

2.5.2 Management security measures to protect hardware and software used for AIS

Pérez; et al (2010) and Grande, (2010) Described computer hardware as an asset that is essential to the business, not just for the use of transaction processing, but also as an investment. Hence safeguards for hardware safety must be placed in place to ensure computer hardware security. Romney, (2015) and Kouser, et al (2014) indicate elements of the hardware to be database servers, computers and other physical parts. They suggest that in order to protect computer equipment, it must be installed in a protected area where the access to it is limited only to people who need to use it and are allowed to use it.

Additionally, for example when only the frame works manager can have access to the CPU and capability frameworks, certain levels of security need to be maintained. In a control situation, the PC framework should also be set to shield it from natural hazards such as dust

and humidity. Toposh (2014) also states that measures should be taken to secure the PC from flames and power vacillations. Fardiral, (2014), Khurram and Aisha; (2014) and Bagranof et al (2011) are of the view that, such controls would ensure that the failure of the equipment does not seriously affect the company as the hardware works hand in hand with the system software, thereby forming a partnership between the two, and it is the duty of the management to protect the hardware as a part of the system on which the decision-making process is centered.

Nonetheless the system software is another aspect which needs management guarantee for protection. The system must be protected against viruses, as this may damage the files and company documents that will be stored in the system. Haddad, and Atmeh. (2015) noted that companies install anti-viruses and at times firewalls to avoid abuse in their applications, to reduce the loss in valuable files. Fardiral, (2013) Pointed out that software can be secured by having a database if all the information entered into the system is transferred for storage and these databases are password-protected or access to information is limited. Marshal and Rorney, (2015) and Muhammad, (2014) Found that computer software must also have a backup so that important company information may have been corrupted or lost due to hardware disruption can be retrieved.

However Thaer, Laith and Anyam; (2014) Argued that the relationship between software and internal controls is a positive relationship, as they provide a stable system environment. Pairat; (2014), Bondnar (2016) and Hoopwod; (2016) In their findings, the more the system users are exposed to the risks, the more their exposure hence their recommendation was that management should consider creating user profiles to protect the system from errors and fraud, and that it is easy for management to identify who and when an error occurred via user profiles. Hilson, (2014) Argue that as long as AIS users are properly trained and well informed about how the system operates, there will be a significant reduction in the risk that the system will be exposed to nonetheless security measures remain a crucial aspect the whole AIS.

2.5.3 Developing AIS through the use of accounting packages hand in hand

Rajaraman, (2014) indicated in their research that, the rapid growth of the IT sector in the last decade has made computerization of operations of great importance to almost all organizations. Pretorious, (2015) noted that AIS can assist in recording accounting transactions to ensure maximum efficiency and effectiveness. AIS will be able to document

simple financial statements for companies, such as the general ledger, accounts receivable, accounts payable, and payroll.

Cooper, (2018) and Hall; (2014) In the opinion that accounting packages can be used hand in hand in companies where multiple transactions can be performed at once if the systems operate concurrently and if management assumes that one can handle debtors better than the other, for example, and revenues can be managed with one system and payments and creditors with another.

Manzoor, (2015) and Kennedy, (2015) also allow the use of accounting hand in hand as a way to back up the transactions of the business as that would make the transactions proceed without major challenges. Dobusch; and Dahl; (2017) It was also found that most AIS systems are related to programs such as QuickBooks, Peachtree, Simply Accounting, AccPac or Business Works and other accounting packages to ensure that they can function effectively; this also allows details to be interpreted in ways that various users can understand. (Shanker, 2016) Furthermore, it was noted that most links allow you to send sales , purchases and inventory change transactions from one AIS software to another software as the software incorporates data transfer, interfaces that need to be manually activated or run as a background operation during the end of the day process.

However Rahaya, (2015) Note that other AIS systems provide more sophisticated connections that update information in real time, but all function differently as some will need to be configured to ensure that no data loss occurs during the transfer process. Some of the different types of links that are being used include: General Ledger Only Interface—there are types of AIS that can only interface with the general ledger, making it necessary for the accountants to update the accounts payable manually, which will not be time consuming as there is not much information to post but it requires more accuracy as it is prone to human error. Strachey, (2015) states that, the General Ledger and Accounts Payable Interface, you can send information to both modules to save time and, more importantly, to reduce errors. Ultimately development of accounting information systems in consultation with available packages yields a robust system.

2.5.4 Review of AIS on a regular basis and changing packages when necessary.

Powell; (2014), Maseko and Manyani, (2016) Research conducted that defines the ties between IT and information systems as the output costs of information technology or

information systems depend on the organization. Moon et. Al. (2016) indicated that the Investment in correct IT is also affected by the effective implementation of information systems. The constant reviews as a method of enhancing the efficiency of the system was as well studied by Rahayu, (2014), and Woodside (2014) it was obtained that more efficient systems were obtained from the updates.

Nevertheless constant reviews upgrades, and at times adopting a new AIS is crucial to the organization if it is going to continue being relevant in the sector. Rapina, (2015) and Creswell (2014) carried out a research in which it was noted found a relationship between the type of information technology, people and organization. This is supported through Hall; (2014), Because it indicates that the relationship between the two rests directly on the system life cycle activities generating accounting information systems to provide quality information. This program provides the internal and external users with accounting information. The overall objective of the accounting information system is to provide accounts information to users (Hansen; et al, 2016). With the passage of time, information technology is continually undergoing new advancements and it must continue to match management, as it must help in managing operations and assisting decision-making.

Rahaya; (2015), Yin (2015) and Kumar (2014) Is of the opinion that inasmuch as IT management is changing, the type of IT must also change in-order to maintain relevance and maintain their competitive advantage in the market. However Fradinal, (2014), Fraenkel et.al (2016), Yeasmin and Rahman, (2016) Refers to the cost of changing the information system and the cost should not be higher than the benefit to be obtained. The potential does, however, outweigh the cost of upgrades, as this will include increased safety , efficiency and other aspects of an effective system

2.6 Summary

As mentioned in the introduction, the aims of this chapter were to examine the Literature, finding gaps and suggesting best recommendation practice in relation to the impacts of accounting information systems on business. The chapter further deliberated on the merits and demerits which may be obtained when an AIS is in place in an organization. The following chapter is going to outline in detail the procedures and methods implemented in the research.

CHAPTER THREE

Research Methodology

3.0 Introduction

Saunders, M. et.,al. (2016) defined a research methodology as the techniques and procedures used to identify, select, process and analyse information pertaining to a specific subject or topic. In this chapter, the researcher will therefore focus on how the collection of data was done and the research instruments applied. Ultimately a summary of the chapter will be outlaid and from the research, a critical evaluation of the topic's overall reliability and validity will be made.

3.1 Research design

Leavy, (2017) describes a research design as a set of processes and procedures that are implemented in the collection and analysis of the variables in the research topic. These were noted to consist mainly of the qualitative method, quantitative and mixed methods. Different methods have their benefits which accrue when implemented. This was noted to be critical in the answering of the main research question and attaining of the research objectives which evolved on the impact of accounting information system on the financial reporting of Love for Africa; the variables under consideration being accounting information systems and financial reporting. The research objectives required an in-depth evaluation of the variables involved hence the methods opted to provide a comprehensive result outcome. Leavy(2017) further noted that the choice of a method to implement is not only dependent on the benefits it brings but rather what needs to be achieved, how the research goal is to be executed and ultimately the ethical standpoint all affect the design of the research. For purposes of this research, the researcher implemented the mixed approach. This approach was defined by Saunders, M. et.,al. (2016) as the one in which both the qualitative and quantitative techniques are used to attain the desired outcome. The implementation of the mixed methods is going to be concurrent which involves the separate use of the quantitative and the qualitative methods within a single phase of data collection and analysis. This was done in-order to provide a more comprehensive response to the research topic as the researcher would determine the correlation of the variables under research thus the AIS and financial reporting.

3.2 Sampling

The researcher did not consider using the whole population in obtaining information for this research one of the main considerations being the fact of similar shared views by the organization's personnel with regards to the topic under study which is the impacts of AIS on financial reporting. Guion, (2014) noted that the use of the entire population can prove to be impractical due to various constraints which include time, cost and the volumes hence recommendations for larger sample size were adopted as their use reduces the error in generalizing to the target population. Therefore sampling became the valid alternative to gathering the information required for the research.

3.2.1 Sampling technique

Etikanet. Al (2015) categorises sampling techniques into two broad techniques namely probability or representative and non probability sampling techniques. Tahedoost (2016) further asserted expanding to indicate various sampling techniques under the probability and non probability techniques, these included for probability sampling, simple, stratified, systematic and cluster. The researcher for purposes of this study will consider the simple random technique. This is desired as it eliminates the bias in as far as population selection is concerned; implying that each potential respondent within the population has equal chances of being selected for purposes of the research.

3.2.2 Sample size

Guion, (2014) noted that the use of a larger sample size reduces the error in generalizing to the target population. In the same study it was further noted that the size of the sample should be further governed by the margin of error that can be accepted and ultimately the size of the population from which the sample is being drawn from. Ultimately, Saunders, M. et.,al. (2016) advised for populations of fewer than 50 cases, that data should be collected from the entire target population as the influence of a single extreme case on subsequent statistical analyses is more pronounced than for larger samples. Table 3.1 below indicates the population and the sample size used in the research.

Table 3.1 Sample size of the research population

Targeted population	Population	Sample size	% of sample size
Managing director	1	1	100%
General Manager	1	1	100%
Human resources manager	1	1	100%
Accountant	1	1	100%
Reservations Managers	3	1	33.33%
Operations manager	1	1	100%
Reservations team	4	3	75%
Operations Team	3	1	33.33%
Total	15	10	66.67%

3.3 Target Population

The researcher used a population of individuals who mainly handle the AIS at Love for Africa. This was crucial in obtaining the requisite information relating to the topic under study. Although the composition of the users of AIS at the organization under research; the researcher could not conduct a census due to some limitations of the study some which included the location of some of the users of the system hence the use of samples became the only viable practical means of data collection. This position was supported by Farooq (2014) stating that the use of a census should be considered if the population is large in size as well as when the use of other methods is technically impractical.

3.4 Research Instruments

3.4.1 Questionnaire

A questionnaire comprises of structured questions used to acquire data from the respondents of which the direction of the question should be easy to follow. For purposes of this study the researcher employed the use of closed ended questions. This was done in order to enable acceptance and as well provide a guide line to the respondents on the scope of responses

required which would ultimately relate to the research objectives thus the impact that AIS has on the financial reporting aspect of the organization. This notion was aswell elaborated in the findings of a research conducted by Babbie (2014) which stated that the use of open ended questions has difficulties in as far as ensuring acceptance by respondents due to their time consuming nature which requires a lot of personal opinions to be provided. Furthermore the use of open ended questions would be prudent were the respondents are have an in-depth understanding of the topic under review not merely a basic understanding of the aspects. Furthermore, truthful responses regarding the use of the AIS would only be obtained when there is a great deal of confidentiality hence the use of questionnaires. This concept was as well affirmed by Kumar (2014) were it was expressed that questionnaires are desirable for their various merits which include offering privacy to the respondents and cost efficiency among other benefits. Ultimately Alrazeeni (2015) affirmed the concept of closed ended questions stating that it provided a guideline to the individual answering the questions, in addition it creates uniformity in the results granted which can be easily analyzed and ultimately closed ended questions save time of the respondent. However evidence from prior literature indicated that a low response rate might be realized as some respondents may spoil, fail to complete or fail to return the answered questionnaires. Nonetheless the researcher made follow up on progress of the issued questionnaires.

3.4.2 Interview

For research purposes, the researcher used semi-structured interview questions in order to obtain ample evidence whether the respondents had expressed their opinions correctly without being limited. The selection of the semi structured question was done so as to enable the answering of the research question and in turn attain the research objectives as identified. Harrell and Bradley (2015) Identified Semi-structured interview questions as a variation of a predetermined collection of open questions that stimulated conversations that were of benefit to the researcher, because they were able to explore particular interesting knowledge which revolved around accounting information systems and financial reporting which are the variables in this research. In order to be able to gain clarification in the aspects related to the objectives of using AIS, how it avoids risks of error and fraud among other objectives, the interview questions were structured to allow discussion in the areas interests being the research objectives. These interviews were conducted primarily on Love for Africa management as they are the ones primarily interested in decision-making, and they are the ones with ultimate exposure to AIS use. Face-to - face interviews have been used because

they require detailed screening and seeing if the respondent is comfortable with the type of questions being asked. Rabionet (2016) recommends the use of interview guides when conducting such. This is done so as to provide a guideline which leads to the attainment of the research objectives and the addressing of the research gap. Therefore, interviews conducted were being guided by an interview guide that had the required questions the researcher intended obtaining clarity and the user's views on the impacts that AIS has brought to the organization. The interview guide was prepared in consultation with the research objectives so as to allow the researcher to come up with relevant recommendations.

3.5 Ethical concerns

During the conduct of the study, organizational ethics, norms, and moral principles will be adhered to consistently. During the conduct of the research all the information provided will be considered confidential and only used for purposes of the study thus only to the extent to which it was issued for. Furthermore questionnaires will not be named thus to maintain as well confidentiality of the respondents. This enables the respondent to be able to respond in an impartial manner due to the confidentiality guarantee hence enhance the reliability of the information provided.

3.6 Reliability and Validity

An interrogation of the research instruments used was conducted succeeding the physical examination to assure that the research instruments utilized to gather the information necessary for the study were material to assure they provide precise results regarding the impacts that accounting information system has on the financial reporting aspect. The research instruments used proved firm which implied that they are free from any bias and predisposition. The object of the inquiry is to make sure that the questions being posed are answered honestly in utmost good faith and do not give predisposition to the outcome of the study. Data triangulation was also used on the research tools if the researcher analyzed information gathered from different sources to determine whether they had a relationship or contradicted it. (Guion, et al 2014). Data triangulation was chosen by the researcher as it is much easy to use and less costly, it allows the researcher to get accurate results and test to see if the instruments chosen are a good fit for both the chosen population and the research. The researcher also analyzed the population used through tests and also researches on how best a population can be able to give reliable information. The data collection methods used by the

researcher were also there to stand as a guide to the respondent so that the responses given would be valid for the research area.

3.7 Data presentation and Data analysis

3.7.1 Data presentation

When presenting data, the researcher focused on displaying the information in a consolidated and understandable manner. Tichapondwa (2013) described this process as giving meaning to the collected data. The methods which were implemented by the researcher included bar graphs, pie charts and tables. This was so as graphical representation would enhance understanding of finding as compared to mere figures. Ultimately brief explanations of the results from the information obtained were also provided in presenting the information to enhance understandability by users.

3.7.2 Data analysis

Information obtained was displayed using analytical analyses, which extends from the descriptive approach suggesting how and why a particular event is happening. These methods implemented included pie charts, tables and an indepth analysis was also conducted using the regression analysis. This was done through the identification of the variables concerned maining dwelling on financial reporting and information systems. Kumar (2014) indicated that characteristics of responses would be detailed more using this method furthermore this would as well enhance the examination of the skewness of the data produced. Analysis of data included the utilization of percentages which the researcher implemented. Ultimately empirical data will be calculated and analyzed using a regression model inoder to assess the impacts that accounting information systems has on the financial reporting function. For purposes of this research the researcher will use linear regression model to analyze the results obtained. The model in use was $y=a+Bx_1+bX_2+Bx_3$, where a is the dependent variable, thus financial reporting and x the independent variable being the accounting information system, ultimately b is the slope of the line and a is the y intercept.

3.8 Summary

This chapter consisted of the methodology which was used in the study to obtain, and analyze data relating to the impacts that AIS has on the financial reporting aspect of Love for Africa. It further justified the population, sampling technique and sample size used. Furthermore the research instruments, data collection procedures, data presentation and analysis procedures which as well included the use of the analysis tools including charts, graphs and a detailed regression analysis of the results obtained. According to their suitability, the researcher used different methods of collecting data in terms of the cost savings, time savings and quality of information that the researcher tried to achieve.

Chapter four

Data analysis and presentation

4.0 Introduction

In this chapter the researcher presented the data obtained from the research and as well provided an analysis of the responses and findings from this stage. The findings were presented and analyzed as per question contained in the research instruments then summarized into various major findings. The results obtained were presented in various forms which include narrative statements, graphical presentations and tabular formats. In order to enhance understanding of the information to the users and as well comparability, the researcher also presented the information in percentage forms.

4.1 Questionnaire Analysis

Table 4.1. Questionnaire response rate

Target population	Total response	Percentage response %
15	14	93.33%

The researcher distributed 15 questionnaires and managed to obtain 14 responses against the targeted 15. From the table above table 4.1 it can be noted that the researcher managed to obtain a 93.3% response rate on the questionnaires instead of the total targeted population. This was due to the absence of one of the targeted manager who was not available at the time of the research due to other work related commitments. Nonetheless Venkatesh et al; (2014) stated that when conducting a research and the researcher is able to obtain more than 50% response from the target population then the information obtained can be relied upon as it represents majority views of the total targeted population. The researcher therefore managed to secure a 93.3% response rate from the respondents in the target population hence the information obtained can be relied upon for decision making purposes in this research.

4.2 Presentation and Analysis of findings

For purposes of presentation and analysis of the findings in the research, the results from the two research instruments (questionnaires and interviews) were integrated so as to provide a robust and detailed explanation which would result in the ultimate address of the research objectives.

4.3 Questionnaires

4.3.1 Accounting information system has an important role in generating accounting information for financial reporting

Table. 4.2. Findings on the role played by AIS in generating accounting information for financial reporting

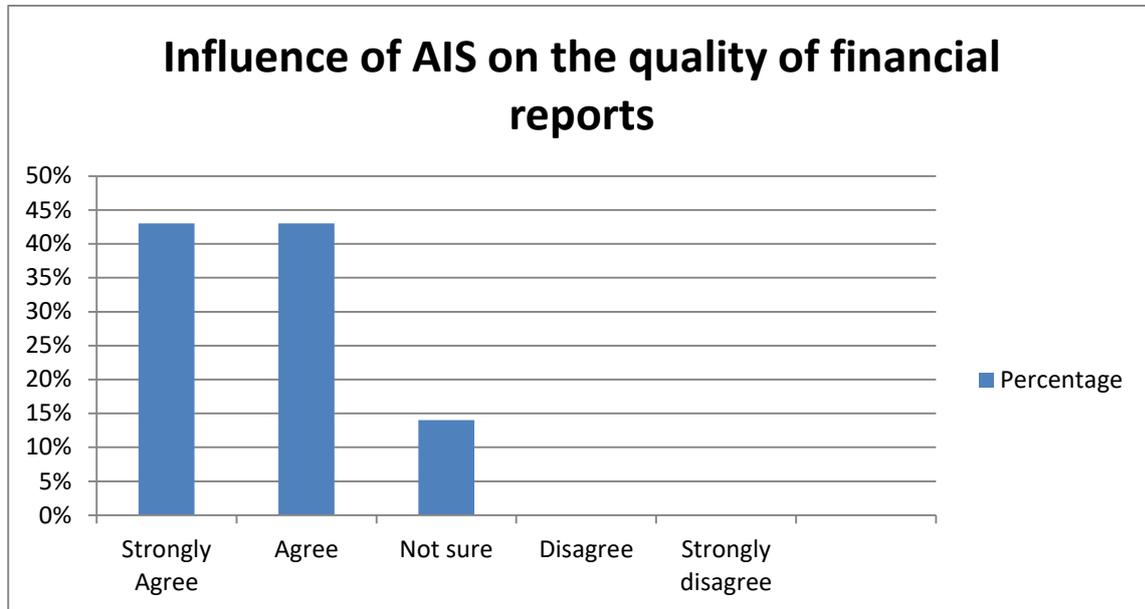
	No. Responses	Response Percentage
Strongly agree	9	64%
Agree	5	36%
Not sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
Total	14	100%

The organization under research, Love for Africa employees deem AIS to be essential in the generation of accounting information systems for financial reporting within the entity. This is observed by the response rate as displayed in the above noted table 4.2. In the table 4.2 above 9/14 respondents representing 64% of the entire population from which the research was conducted strongly affirmed that AIS has an important role in the generation of information for financial reporting. 5/14 of the respondents representing 36% of the population agreed that the use of AIS has an important role in the generation of accounting information for financial reporting. The views and findings obtained from the research conducted were also affirmed by Ali-jabali (2015) and Sambasivam (2014) in their separate research findings were it was noted that AIS enhances the accuracy and transparency of transactions hence provides accurate financial information. Ultimately no respondent was not sure neither was any

disagreeing nor strongly disagreeing to the question stating representing a 0% in all those areas.

4.3.2 Is the quality of financial reports influenced by an effective AIS

Fig. 4.1 Influence of AIS on the quality of financial reports



Raw data

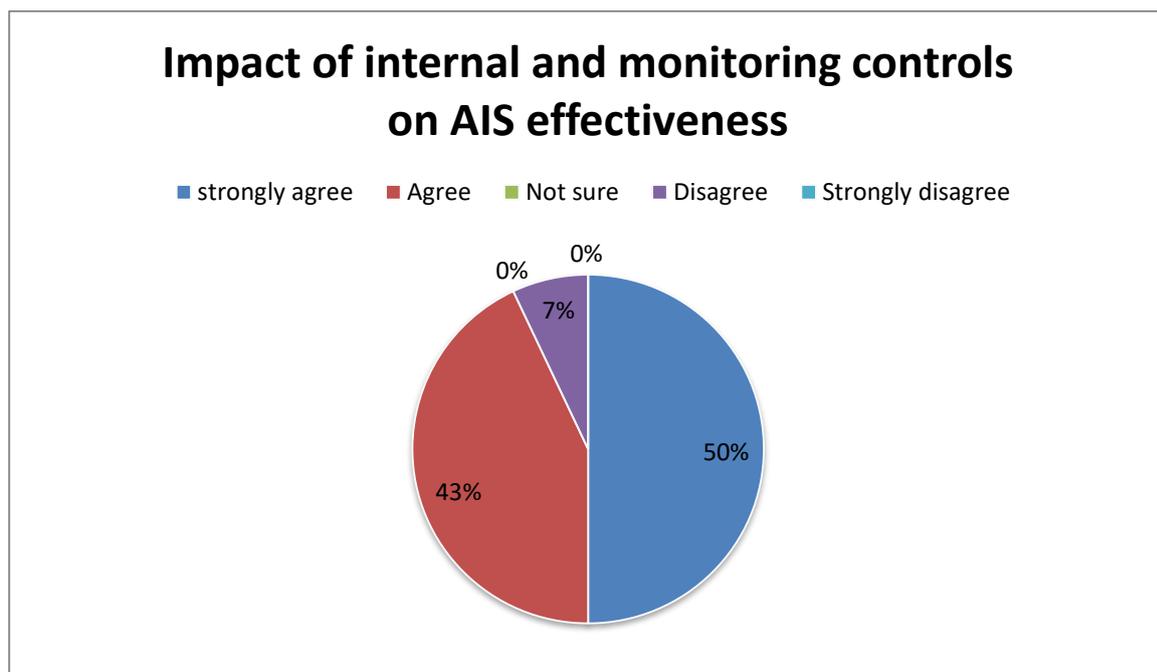
	No. Responses
Strongly agree	6
Agree	6
Not sure	2
Strongly Agree	0
Disagree	0
	14

From the research findings it can be observed that 6/14 respondents representing 43% strongly agree that the quality of financial reports is indeed influenced by an effective AIS. A further 43% of the respondents also agree to the fact that the an effective AIS truly influences the quality of financial reports in the organization under study thus Love for Africa. This aspect is in line with the research findings of Schermerhorn (2014) which indicated that quality accounting information is the one which contains the qualities of timeliness, and

accuracy. These aspects are aspects derived from the use of an effective accounting information system. Schermerhorn (2014) further stated that the implementation and use of an AIS enables transactions to be easily allocated to the period in which they relate hence in line with the matching concept. This would ultimately enable users of financial information to make informed decisions pertaining to the organization. Nonetheless, 2/14 of the respondents representing a 14% of the total population were not sure as to whether the AIS really influence the quality of financial reports. Deusidedit (2014), Hamel (2016) also in their separate researches noted that there are various aspects that affect the quality of financial reports which include the quality of information being input into the system and the acceptance of the system by management.

4.3.3 The use of internal controls and monitoring of controls improve the effectiveness of AIS

Fig. 4.2 impact of internal and monitoring controls on AIS effectiveness



Raw data

	No. Responses
Strongly agree	7
Agree	6
Not sure	0

Strongly Agree	0
Disagree	1

Hall (2015) and Arens (2015) indicated in their studies that, the main purpose of management to outline a viable internal control system is in order to ensure that the AIS implemented attain their primary objectives which include viability, productivity and dependability of financial reports produced. An accounting information system complemented by these approaches entails efficiency within the organization that is through the detection, prevention and the correction of any risk of error or fraud. The results obtained from the research indicated a 7/14 in which is 50% of the respondents who strongly agree that the use of internal and monitoring controls improve the effectiveness of AIS. Furthermore 6/14 representing 43% of the population agree to the same aspect as well that the internal controls are an important aspect in ensuring the AIS works effectively. However 1/14 being 7% of the population disagree with the notion that the use of internal and monitoring controls improves the effectiveness of AIS. This was the same view noted by Rajaraman, (2014) were it was stated that the effectiveness of an AIS is mainly rooted in its creation thus programming, coding and its related processes thus implying that controls are insignificant in the processing of accounting information to enable efficiency of the system but rather programming errors are of significance. In a nutshell the use of internal and monitoring controls proved to be enhancing the effectiveness of AIS at Love for Africa.

4.3.4 Does the absence of an AIS affect the relevance and reliability of financial information

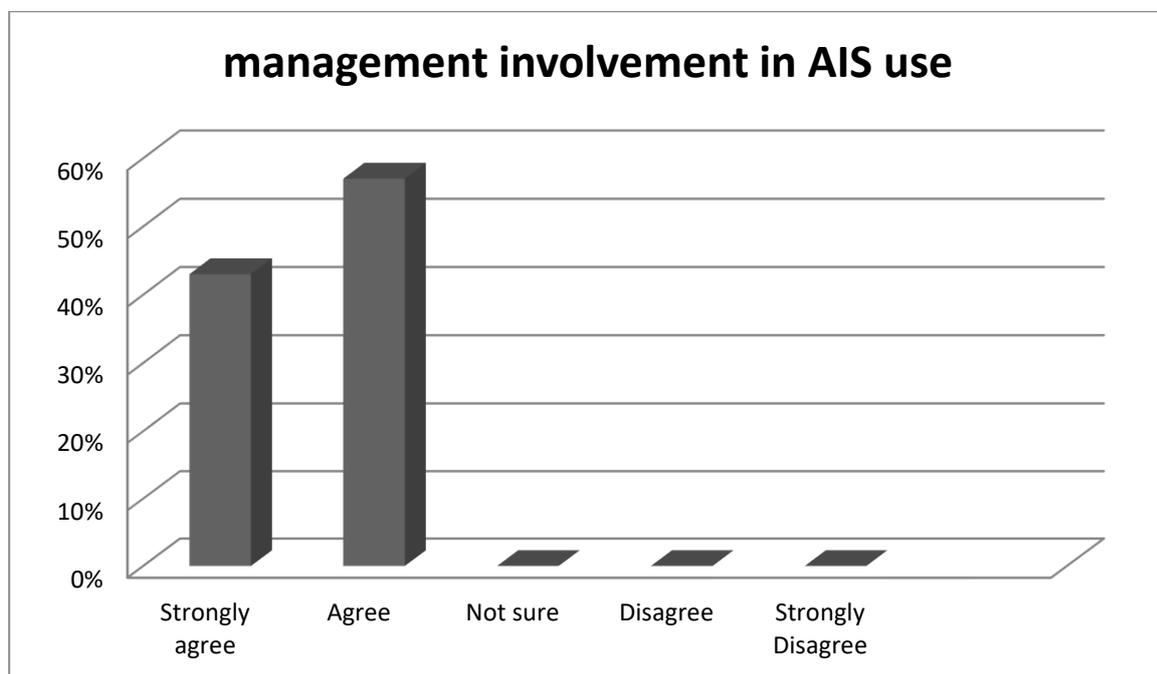
Table 4.3 result on the effect of AIS on financial information reliability and relevance

	No. Responses	Response Percentage
Strongly agree	3	22%
Agree	8	57%
Not sure	1	7%
Disagree	2	14%
Strongly Disagree	0	0%
Total	14	100%

As displayed above 3/14 which is 22% of the population strongly agree that the absence of an AIS affects the reliability and relevance of financial information. A further 57% being 8/14 of the population as well agree that the absence of AIS affects the relevance and reliability of financial information. Genil (2015) also noted that accounting information systems facilitates for the proper classification of accounting information into their respective accounts and their accounting periods hence this would enhance the reliability of the accounting information provided. Schermerhorn (2014) indicated that quality accounting information is the one which contains the qualities of timeliness, and accuracy. Reliability of accounting information is enhanced by its quality and timeous availability. This is made so because the AIS can be able to handle numerous transactions at the concurrently enhancing timeous provision and accuracy of the information.

4.3.5 The management participation in the implementation and use of AIS enhances the quality of financial reports

Fig. 4.3 Responses to management participation in the implementation and use of AIS enables the quality of financial reports



Raw data

	No. Responses
Strongly agree	6
Agree	8
Not sure	0
Strongly Agree	0
Disagree	0

From the above information it was obtained that 6/14 representing 43% of the population strongly agree and a further 8/14 being 57% agree that management involvement in the implementation phase and use of the AIS improves the quality of financial reports. Lierbler and McConnell (2015) supported this view by the respondents suggested that management involvement involves cooperation and dedication, and if they are interested in introducing and utilizing it, it can inspire other workers and improve employee acceptance of the program. Hoopwod (2016) also stated that the management involvement and commitment in the use of AIS is crucial as they are the custodians of the organization's values, ethos, and objectives. The research also identified that the susceptibility of the risk of error and fraud are significantly reduced if the management is involved in the process. In this section the researcher did not record any result (0/14) being 0% of any respondent who is not sure neither any who disagrees or strongly disagrees that the management commitment in the implementation and use of the AIS is of utmost importance. It is further important for management to be able to participate in the use of the system so that they have reasonable understanding of the system and how it works as it also forms the basis of the audit opinion hence the need for management to have a deep understanding of the system so that they may as well set controls in-order safe guard the resources of the organizations. These notions were as well affirmed during the interview were it was noted that during the inception stage the management was skeptical about the system hence it faced resistance as well from the employees. Nonetheless, adaptation by management as well translated into its wide adaptation by the users.

4.3.6 Inadequate training to users of AIS distorts data output

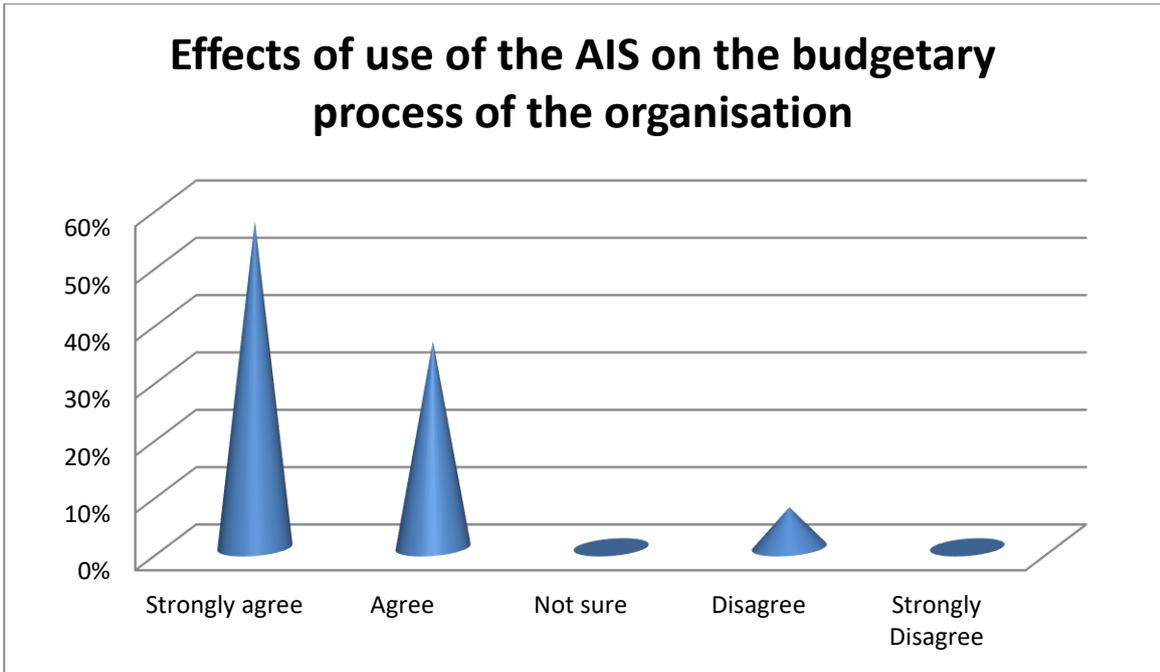
Table 4.4 Results of how in adequate training of users may distort output from the AIS

	No. Responses	Response Percentage
Strongly agree	9	64%
Agree	5	36%
Not sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
Total	14	

From the above noted it is observed 9/14 of the respondents thus 64% strongly agree while 36% being 5/14 of the population agree that inadequate training of the users of AIS have a negative impact on the output produced by those AIS. Kouser (2014) supported these findings indicated that human skills are of utmost importance and users should be effectively trained so as to be able to efficiently use the system and derive the full benefits from it. In adequate training of users of AIS distorts the data output by various ways these may include in correct posting of transactions or allocating them to the wrong section hence the out put would tend as well to be distorted. From the responses noted above. It was as well noted that 0% were not sure, 0% neither disagreed nor strongly disagreed. It was however noted further that employees were only trained at the implementation of the system hence that as well posed bottlenecks within the operations of Love for Africa especially after some upgrades had been made to the system.

4.3.7 The use of AIS improves the budgeting process in the organization

Fig. 4.4 Effects of use of the AIS on the budgetary process of the organization



Raw data

	No. Responses
Strongly agree	8
Agree	5
Not sure	0
Strongly Agree	0
Disagree	1

From fig 4.4 above it can be noted that 57% which is 8/14 of the total population strongly agree that the budgeting process in the organization has improved due to the AIS. A further 36% which is 5/14 of the respondents also agreed that the AIS improve the budgeting aspect of the organization. The improvement in the budgetary process can also be measured by the organizational efficiency. Kharabsheh (2015) supported this stating that organizational effectiveness can be identified by the relationship that exists between budgeted and actual outcome. This implies that the extent to which the objectives are attained as a result of the use of AIS could be quantified to obtain the total effectiveness of an entity. Grande (2015) further states that improved budgetary process enables the organization to better adapt to the dynamic business environment hence improve as well the competitive edge of the

organization. More so various benefits were noted to have accrued to love for Africa from the responses provided during the interview. It was noted that through use of AIS, the budgetary process has been enhanced within the organization which has aided the organization to be able to obtain more realistic forecasts. The organization has been able to meet its deadlines in respect to payment of deposits for clients' booking on accommodation and activities.

Ultimately, 7% 1/14 of the population suggested that the budgetary process is not influenced by the AIS. This view was supported by Yousef (2014) were he described internal control as the chief factor influencing the efficient budgetary process. It was noted that an efficient operation environment implies that the operating system is firm in place and hence facilitates the efficient budgetary process. In addition responding to interview questions, one interviewee stated that the improvement in the budgetary and planning process is not entirely attributable to the AIS but the internal control and operational efficiency which the organization experienced as a result of improved skill by employees among other factors. Ultimately, 0% strongly disagreed that the AIS had no impact on the budgetary process.

4.3.8 How often is AIS in your organization reviewed

Table 4.5 How often AIS are reviewed in the organization

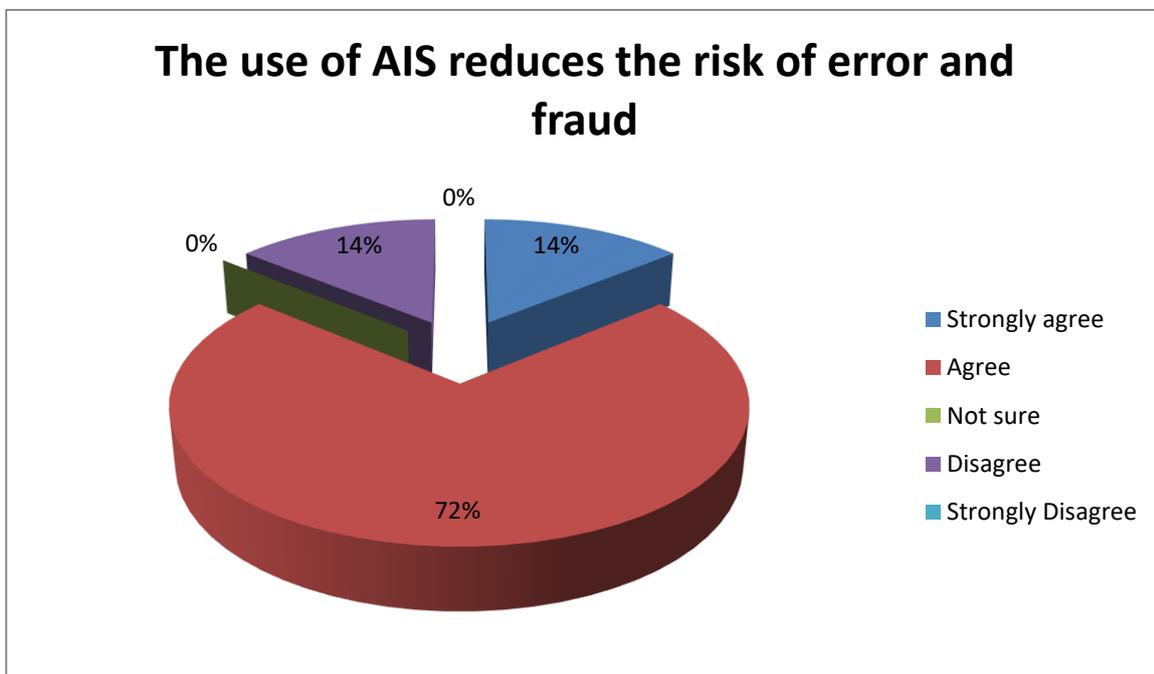
	Strongly agree	Agree	Disagree	Strongly disagree
1Year	4		3	
1-3 Years		6		1
Not sure				
	29%	43%	21%	7%

From the responses obtained from table 4.5 it can be derived that 29% being 4/14 of the respondents stated that the AIS is reviewed annually while a further 6/14 43% indicated that it is reviewed between 1 and 3 years ultimately 3/14 representing 21% and 1/14 being 7% were of disagreed that the review is conducted annually and between 1 and 3 years respectively. The 29% and the 43% of the respondents indicate that AIS is reviewed annually and between the first 3 years comprise mainly of the longest serving employees who have had much time with the organization and hence provide a more realistic view of the organization. The constant review is mainly attributable to the dynamic environment in which the organization finds its self in which is the tourism sector hence the benefit also accrue to

the financial reporting aspect of the organization. Hall (2015) also supports this view stating that the rapid change in the information and technology environment demands a timeous review of the AIS if the organization is to maintain its competitiveness. Furthermore Scapens and Jazayeri (2016) also noted that security of the organization’s information and finances is significantly improved with these constant upgrades. Furthermore, it would allow the organization to be able to have a system audit and adjust any anomalies contained in the system.

4.3.9 The use of AIS reduces the risk of error and fraud

Fig. 4.5 The use of AIS reduces the risk of error and fraud



Raw Data

	No. Responses
Strongly agree	2
Agree	10
Not sure	0
Strongly Agree	0
Disagree	2

From the responses outlaid in fig 4.5, it is indicated that 14% representing 2/14 of the population strongly agree that AIS reduces the risk of error and fraud while 72% 10/14 agree with the same aspect. Ultimately 2/14 representing 14% disagree that AIS reduces the same risk outlaid while 0% are not sure and a further 0% represents those who strongly disagrees. The 14% of the respondents who strongly agree and the 72% who agree were supported by a research conducted by Muhammad (2014) which suggested that properly developed systems reduces errors as some of the operations and input functions will be pre entered in the system hence the chance of inputting incorrect information is reduced.

The organization further uses a real time processing system thus significantly reduces probability of fraudulent activities from occurring as bookings once received are inputted into the system hence creating a proper audit trail for the transactions. This view was also supported during the interviews conducted as well were it was learnt that an AIS is used in the capturing and collecting of data that would ultimately result in the production of useful and reliable financial statements due to the significant reduction in errors or omissions. This view was also supported by Creswell, (2014) who stated that the nature of financial information which is fed into the system would ultimately determine the quality of financial reports produced hence accurate input resulting in reliable and dependable financial reports. Furthermore the easy importation of data input in the system by various departments other than capturing of the same information reduced the risk of errors and fraud.

However some of the respondents thus 2/14 representing 14% of the population were of the view that reduction of risk of error and fraud is also embodies in the internal control structure of the organization not the AIS. Furthermore user competence also is another factor noted to reduce the rate of errors in the financials of the organization. This was supported by the findings of a study by Kennedy (2015) were it was stated that the users of the system need to have an in-depth understanding of what they will be doing because if input errors occur the same will also translate to the financial information outcome.

4.3.10 Benefits are being derived from use of AIS

Table 4.6 Results of the benefits from AIS use

	No. Responses	Response Percentage
Strongly agree	6	43%
Agree	6	43%

Not sure	0	0%
Disagree	2	14%
Strongly Disagree	0	0%
Total	14	

From the above results it can be noted that 6/14 being 43% of the respondents strongly agree that benefits are being derived from the use of AIS. An additional 6/14 being as well 43% of the population agree that the organization is actually deriving benefits from the system. Ultimately only 14% being 2/14 disagree with the above statement stating that benefits are actually not being derived from the use of the AIS. 0/14 (0%) actually are not sure and another 0% strongly disagrees. The 43% who strongly agree that AIS has brought benefits to the organization had their view seconded by Daw (2015) when it was stated that when an organization has an effective AIS in place it facilitates the timeous attainment of the organizational goals. Decision making is done on time and enhances the planning process of the organization. Mahindo(2014) furthermore observed that accounting information systems have a direct impact on the profitability levels of the business hence an effective AIS improves the profitability aspects of the business. Notable points were also derived from the interview conducted supporting the notions noted above which stated that benefits have accrued to the organization especially relating to the reduction in cancellation fees for bookings made and reduced level of statutory penalties. These are among some of the benefits obtained by Love for Africa due to the use of the AIS.

Nonetheless, 2/14 representing 14% of the population were of the view that benefits were not being derived from the AIS. It was argued that the benefits which accrue to the organization are as a result of other factors which include robust marketing and sales strategies of the organization. This is similar to the view of Harash (2016) were it was noted that the implementation of accounting information system enhances the stewardship function of the entity while the greater proportion of the success of the organization is premised on the human resource competence and work environment.

4.3.11 The use of AIS has brought positive impacts to the financial reporting aspect of the organization

Table 4.7 positive impacts brought to financial reporting by AIS

	No. Responses	Response Percentage
Strongly agree	6	43%
Agree	7	50%
Not sure	1	7%
Disagree	0	0%
Strongly Disagree	0	0%
Total	14	100%

The information obtained from the research indicate 6/14 (43%) and a further 7/14 being 50% of those respondents that agree that the use of an AIS has brought about positive impacts to the financial reporting aspect of the entity. Nonetheless 1/14 representing 7% of the population are not sure as to whether the benefits can be attributed entirely to the AIS. An additional 0% neither disagrees nor strongly disagrees that the positive impacts are due to the AIS. Positive impacts to the financial statements obtained include increased accuracy levels, timeous reporting and reduction in the various financial statement risks. This was also similar to what Ghasemi (2014) observed in his research were AIS has been seen to bring about various positive impacts on the financial reports such as reduced levels of fraudulent activities by limiting the number of personnel who can amend financial information in the system so as to ensure that all information entered is correct and any amendments are authorized. Furthermore the research concluded that AIS enhances the accuracy and transparency of transactions is within the organization.

Knezevicl et al (2014) added that the automatic data transfer from different subsystems thus the analytical bookkeeping into the sub system of the general ledger makes recording and safe keeping much easier for the organization. Nonetheless 1/14 (7%) indicated that some of the benefits accruing to the financial reporting aspect can be attributable to other factors other than the AIS. This view was also similar to the view stated by Perkins (2015), were it was noted that some of the benefits accrue due to the expertise of the human resource and not the AIS.

4.3.12 Has organizational effectiveness been affected by the use of AIS

Table 4.8 Response on effects of AIS to organizational effectiveness

	No. Responses	Response Percentage
Strongly agree	5	36%
Agree	8	57%
Not sure	0	0%
Disagree	1	7%
Strongly Disagree	0	0%
Total	14	100%

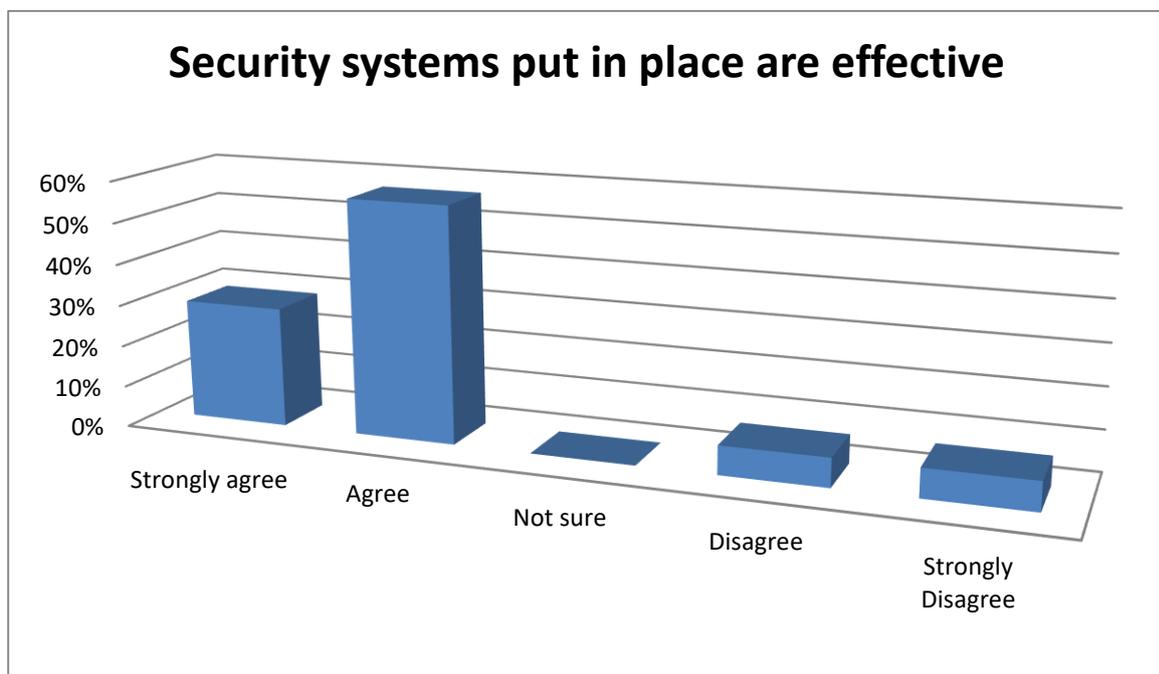
From available responses, it is evident that 5/14 (36%) of the respondents strongly agree to the view that organizational effectiveness has been affected by the use of an AIS. Another section of the respondents representing 57% (8/14) of the total population also affirmed that organizational organization. However 7% (1/14) disagree with the notion that organizational effectiveness has been affected by the implementation and use of AIS. During the interviews conducted it was also noted that the use of an AIS has affected the manner in which the business was being run(meeting minutes 2020). Various benefits have accrued to the organization as a result of the implementation these were noted in the meeting as well to include, accuracy, timeliness and as well reduced risks of error and fraud. This view of the 36% respondents who strongly agree and the 57% who agree was as well supported by Creswell, (2014) who stated that the nature with which the of financial information is processed would ultimately determine the quality of financial reports produced. Nonetheless a section of the respondents also stated that the effects were also negative to the side of the organization. These areas noted included increased costs in the form of implementing the system, licensing as well as training costs of the staff members (interview minutes 2020).

This section of respondents had their views supported by Dauod (2014) and Triki (2014), in their separate research findings which stated that the costs involved in the development, implementation and training of the staff members to use the system drains the working capital of small businesses hence the costs involved tend to outweigh the potential benefits obtainable.

Ultimately a section of the respondents representing 1/14 being 7% of the population under study are of the view that AIS does not affect organizational effectiveness. It was argued that organizational effectiveness is a function of management structures, control environment and other broad aspects such as marketing and other external contributors like economic and political considerations (interview minutes 2020)

4.3.13 Security measures which have been put in place for the system and computer hardware are effective

Fig. 4.6 Security systems put in place are effective



Raw data

	No. Responses
Strongly agree	4
Agree	8
Not sure	0
Strongly Agree	1
Disagree	1

It was noted that 4/14 being 29% of the respondents strongly agree while another 8/14 representing 57% of the research population agree that the security measures put in place are effective. However 7% 1/14 disagreed and another 1/14 (7%) strongly disagreed with the

assertion. The security system was noted as the internal security features in built in the AIS and ultimately the security procedures for the hardware components. The 29% who strongly agree and the 57% who agree had their views supported by Grande (2015) were it was noted that software needs to be protected from various threats which include unauthorized access, data manipulation, hacking and fraud.

It was further heard during the interview that Love for Africa has measures in place to cater for such risks these were listed as validation tests for clients making online bookings and payments, individual log in passwords for users of the AIS, rights to corrections and alteration of data limited to management as well as firewalls. The hardware components were secured as stated in the procedure manual 2017 that they are not allowed to be moved or taken home furthermore external storage and transfer devices are strictly prohibited from use. Although 0% are not sure, 1/14 (7%) disagree and another 1/14 (7%) strongly disagrees that the security measures are effective. It was noted in an interview that Love for Africa only faces a low levels of risk in as far as issues are concerned due to its small size and hence that would not imply effective security measures (interview minutes 2020). It was further noted that the sharing of passwords by employees posed risks as well as management overrides to some of the control procedures set in place at Love For Africa (interview minutes 2020) This view was similar to that of Marshal and Rorney (2015) in their research which stated that management overrides of controls and collusion exists predominantly hence security measures may prove to be less effective. It was further noted in the same research that inadequate knowledge of the AIS by users would pose a security threat as well to the organization's whole processes as the system may be made vulnerable unintentionally by the users.

Table: 4.9 Regression

Dependent Variable: ACFR
Method: Least Squares
Date: 06/10/20 Time: 20:32
Sample: 1 14
Included observations: 14

Variable	Coefficient	Std. Error	t-Statistic	Prob.
APRE	0.568627	0.239525	2.373981	0.0390
CFAS	-0.098039	0.239525	-0.409307	0.6909
SCAI	0.676471	0.209630	3.226978	0.0091
C	1.352941	0.336933	4.015464	0.0025
R-squared	0.644258	Mean dependent var	0.500000	
Adjusted R-squared	0.537535	S.D. dependent var	0.518875	
S.E. of regression	0.352859	Akaike info criterion	0.989463	
Sum squared resid	1.245098	Schwarz criterion	1.172050	
Log likelihood	-2.926238	Hannan-Quinn criter.	0.972561	
F-statistic	6.036745	Durbin-Watson stat	1.887911	
Prob(F-statistic)	0.012929			

Therefore, the results obtained after running the regression specified the model as:

$$ACFR = 1.35 + 0.68SCAI + 0.57APRE - 0.10CFAS$$

Where:

1.35 is the intercept of the model.

ACFR= Accounting information system as an aid to financial reporting

CFAS= Challenges encountered when using accounting information systems for financial reporting

SCAI= Strategies to overcome the challenges encountered accounting information system

APRE=Accounting information systems and the risk of error and fraud

From the information provided from the regression it can be concluded that, CFAS and ACFR are negatively related. This implies that a reduction in the challenges encountered using the AIS will result in the wide acceptance and use of the AIS in the organization for financial reporting. This is as well supported by the results which states that a 1% reduction in Challenges encountered when using accounting information system for financial reporting

will lead to an increase in the use of accounting information as an aid to financial reporting by 10%. Thus further explaining this result, if management implements robust control measures to reduce the challenges associated with the use of AIS will lead to wide adoption and various benefits including reduced erroneous transactions, timely reporting among others will accrue to the financial reporting aspect of the entity. These results conform with the studies conducted by Cooper(2018) where it was noted that management participation in the implementation and use of AIS is of vital importance to its overall success for the financial reporting aspect of the organization.

In addition it has been observed that ACFR and SCAI are positively related. This implies that if management increase controls and is involved in the use of the AIS will be improved significantly. The results from the study indicate that a 1% increase in the strategies aimed at overcoming the challenges with the AIS will increase the benefits to the financial reporting by 67%. This implies that for every strategy or control measure put in place benefits accrued from the use of an AIS will increase by 67%. This is a significant amount as it also is in line with the research by Hall(2015) which are of the view that a change in benefits which accounts for more than 50% will be deemed significant.

Ultimately the research observed that ACFR and APRE are positively related as well. This implies that accounting information systems reduces the risk of error and fraud hence is beneficial to the financial reporting aspect of the organization. An increase in the reduction of risks and error amounting to 57% has been obtained from the results of the study indicating that the financial reports will meet the qualities of faithful representation as it has a reduced level of erroneous entries. This aspect was also noted in Arens et al, (2015) where it was noted that AIS should ensure that presentation of financial statements is in accordance with relevant accounting and legal standards or should be able to provide reasonable assurance that their financial statements have been presented fairly and in all material respect, hence a 57% assurance in the case of the study conducted.

4.5 Summary

In this chapter the researcher presented the data and provided an analysis of the raw data obtained from the research ensuring the interpretation of the data into useful information. It was ultimately concluded that the use of AIS poses impacts on the financial reporting aspect of the entity hence strategic adaptation, implementation and use were noted to be crucial aspects in ensuring that the AIS benefits the financial report aspect of the entity. In

conclusion, the findings presented and analyzed in the chapter will form the basis upon which the conclusion and recommendations of the study will be based upon.

Chapter Five

Summary, Conclusion and Recommendations.

5.0 Introduction

This chapter will focus on the summary of the whole research conducted, the conclusions drawn from the research findings and ultimately give recommendations on how the impacts accounting information system can be used to benefit Love for Africa's financial reporting aspect and the organization as a whole.

5.1 Summary of the research study

5.1.1 Chapter 1

The chapter providing an introduction to the research focused on establishing the background of the impacts brought by accounting information system to the financial reporting aspect of the organization. The epicenter of the research being the impacts which are brought by the AIS to the financial reporting aspect of Love for Africa, an entity in the tourism sector focusing in destinations management. A research gap was established encoring on the views and findings of prior literature with regards to the variables under study being AIS and financial reporting. In addition to the research gap identified, a research question and the objectives of the research were established so as to provide a sense of direction as to what ought to be attained at the conclusion of the research. Ultimately the assumptions, scope, limitations and delimitations of the study were as well highlighted in order to ensure validity and focus of the study.

5.1.2 Chapter 2

The research objectives outlined in the prior chapter were then clearly explained in the second chapter to enhance understanding of these objectives. A platform was created in this chapter were the positive and negative impacts of accounting information systems to financial reporting were assessed in relation to prior literature as well as the organization under research thus Love For Africa. Such literature that was put to study include that stated by Ali-jabali (2015), Sambasivam (2014), Assefa; (2014) Barvayeh et al. (2014), Genil (2015), Ware (2015) , Rapina (2015), and Abdallah (2014), generally affirming the notion that AIS

impacts positively the financial reporting aspect of the entity thus through, accuracy, timeliness and other qualities which enhance reliability of financial reports.

Other scholars who argued the aspects of positive benefits accruing to the entity were also outlined in the chapter and these included Walter (2016), Perkins (2015) and Morris (2014) who stated that the implementation of the AIS also brought about considerable costs and challenges to the entity and these included training costs, licence costs among others. Nonetheless all the views were analysed in relation to the research gap identified in the prior chapter including a detailed presentation of the views provided by prior literature in respect to the identified research objectives.

5.1.3 Chapter 3

It is in this chapter where the research methodology implemented was outlined being the mixed approach. Detailed out in this chapter also includes the research design, population, the research instruments to be implemented among other relevant aspects to the methodology adopted. The researcher used a mixed design which used questionnaires and interview as research instruments employed in carrying out the study. The selection of the research methodologies in this chapter was motivated by the need to attain the research objectives as stated by Leavy (2017) that the choice of the research method to be implemented is not only depended on the benefits it brings but rather the attainment of the research objectives.

5.1.4 Chapter 4

The thrust of the chapter was on the presentation and analysis of the data obtained from the research with the aim of interpreting the responses from the questionnaires so as to derive meaningful answers responding to the research questions and ultimately addressing the research objectives. The findings were presented and analysed on spreadsheets, simplified graphs, tables, and pie charts. To enable the researcher to obtain reasonable assurance that the results obtained were not rhetoric, an analysis of the findings and prior literature in relation to Love for Africa being the organization under study were also conducted. This was of utmost importance as the information obtained from the data presented would form the basis upon which the conclusions and recommendations of the study will be premised.

5.2 Summary of the major findings

5.2.1 Findings on AIS as an aid to financial reporting

Since the inception of the AIS at Love for Africa it was obtained that the use of AIS aids financial reporting in multiple aspects. The major indication of the benefits brought by the accounting information system included timeliness in the preparation and presentation of financial reporting. This is of crucial importance to the management and the organization at large as real time decisions can now be undertaken. Furthermore the accuracy of transactions has been improved hence thus enhancing reliability of the financial reports. Management can now fully depend on the reports produced as they now give a reasonable assurance in as far as the state of affairs within the organization is concerned. Ultimately efficiency in the dynamic world of tourism is of vital importance if the entity is to be considered to be a going concern, thus the implementation and use of AIS addressed the fundamental qualities of accounting reports in Love for Africa hence the organization realizing the benefits accruing from the use of the system.

5.2.2 Findings on the reduction of error and fraud

It was also noted that the rate of errors and fraudulent activities significantly reduced. This was noted mainly through the reduction in the journal entries passed after the reporting date as well as during the financial year. Furthermore the introduction of the AIS brought about a strong internal control system for the organization which leads to the reduction of errors and fraud as well.

5.2.3 Findings on challenges encountered when using AIS for financial reporting.

The major challenges that were faced by love for Africa identified from the research relate to the costs of setting up an AIS. As new players in the tourism sector and being small entities, setting up a comprehensive AIS proved to come with a huge drain on the cashflow position of the entity. These costs included setup costs of the system, training costs and the acquisition of the compatible hardware machinery. Furthermore the lack of refresher training seminars were another aspect lacking in Love for Africa, these would provide constant knowledge on how best the entity can fully utilize and benefit from the system set in place. Ultimately management commitment and proper communication in as far as segregation of duties is concerned was noted to be an area in need of improvement in-order to have a robust accounting information system.

5.3 Conclusion

The main purpose of the research was to establish the impacts that AIS has on the financial reporting aspect of Love for Africa. Thus from the research findings it can be noted that AIS has had much positive impacts to the organization since its inception, these included efficient operations, timely reporting of financials, increase in accuracy rates as noted by the reduction in the number of errors, reduction in the cost of penalties among other merits, nonetheless the system has also brought about a new class of challenges which include, increased costs relating to security, the need to employ much competent staff, and the acquisition of compatible hardware. However if the challenges encountered are fully addressed the use of the AIS would entail huge benefits exceeding the demerits to the financial reporting aspect of Love for Africa. This notion was also supported by Daw (2015) where it was stated that accounting information system adaptation increases the firm's efficiency of operations.

5.4 Recommendations.

- Users to be adequately trained and further refresher trainings to be conducted by the organization.
- Security of the system to be prioritised and users of the system educated on the importance of the security of the system, both hardware and software.
- Consider system review and upgrades at least twice per annum

5.6 Summary

The chapter focused on the whole research paper, this involved giving detailed summaries of all the chapters contained in the research highlighting the major aspects dealt with in the respective chapters. The major findings from the research were also stated, conclusions as well as recommendations given as well based on this information. Ultimately further areas of study were also highlighted at the end of the research. Conclusively, the researcher was able to show the impacts which accounting information systems has on the financial reporting aspect of Love for Africa.

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Appendix 1

Questionnaire

My name is Isaac Tapiwa Chinyowa, a final year student at the midlands state university pursuing a Bachelor of commerce (Honours) degree in accounting. In partial fulfilment of the requirements of the degree program i am carrying out a research on the impacts of accounting information systems on financial reporting. The information will be used for academic purposes only and will assure privacy and confidentiality of the information. I am asking you to assist by responding to a questionnaire below.

Topic: AN INVESTIGATION ON THE IMPACTS OF ACCOUNTING INFORMATION SYSTEMS (AIS) ON FINANCIAL REPORTING- A CASE OF LOVE FOR AFRICA.

Instructions

- 1) Where applicable please put a tick
 - 2) Please attempt all questions
 - 3) Do not write your name on the questionnaire
 - 4) Please sign at the end of the questionnaire
- 1) AIS has an important role in generating accounting information for financial reporting

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

- 2) Is the quality of financial reports influenced by an effective AIS

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

- 3) The use of internal controls and monitoring controls improve the effectiveness of AIS

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

- 4) Does the absence of an AIS affect the relevance and reliability of financial information

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

5) The management participation in the implementation and use of AIS enhances the quality of financial reports

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

6) Inadequate training to users of AIS distorts data output

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

7) The use of an AIS improves the budgeting process in the organization

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

8) How often is AIS in your organization reviewed?

	Strongly agree	Agree	Disagree	Strongly disagree
1 year				
2-3 years				
Not sure				

9) The use of AIS reduces risk of error and fraud

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

10) Benefits are derived from the use of AIS

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

11) The use of AIS has brought positive impacts to the financial reporting aspect of the organization

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

12) Has organizational effectiveness been affected by the use of AIS

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

13) Security measures which have been put in place for the system and computer hardware are effective

Strongly agree	Agree	Not sure	Disagree	Strongly disagree

Signature: _____

Stamp: _____

Appendix 2

Interviews Guide

- 1) Which are the possible and most effective ways in which accounting information systems can be used to aid financial reporting?
- 2) What are the challenges encountered when using accounting information systems for financial reporting?
- 3) Which management strategies can be implemented by the organization to overcome the challenges encountered?
- 4) What benefits can be derived from the use of an AIS?

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CHAPTER ONE

1.1 INTRODUCTION

The need to perform the study arose from the eagerness to objectively examine the real effect of accounting information systems on the entity's financial reporting aspect. The research will focus on the case of Love for Africa an organization incorporated in 2012 and is in the destinations management business in the tourism sector. The study would also contain the problem statement, the research goals and the research questions used to perform the research. Ultimately the limitations and delimitations of the study will be laid out as well.

1.2 BACKGROUND OF THE STUDY

Hall (2015) and Harash (2016) affirms that the implementation of accounting information system enhances the stewardship function of the entity. Mahindo(2014), Turner (2017) and

Match Overview

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Regression Data

	accounting information system as an aid to financial reporting			accounting information system prevents risks of error and fraud			challenges encountered when using accounting information system for financial reporting			strategies to overcome the challenges encountered with accounting information system			
Respondents	Q1	Q2	Q4	Q3	Q5	Q9	Q7	Q8	Q6	Q10	Q11	Q12	Q13
Respondent 1	1	1	1	1	1	1	1	1	2	2	2	2	1
Respondent 2	1	1	2	1	1	2	2	1	1	1	1	1	2
Respondent 3	1	1	1	1	1	1	1	2	1	1	1	2	2
Respondent 4	2	1	4	2	1	2	1	2	1	2	1	2	1
Respondent 5	1	2	2	1	1	2	2	2	1	2	1	2	2
Respondent 6	2	1	2	1	1	2	1	1	2	1	2	2	2
Respondent 7	2	1	1	2	2	2	2	1	2	2	1	1	1
Respondent 8	1	2	2	1	2	4	1	1	1	1	1	2	2
Respondent 9	2	2	2	2	2	2	2	2	1	1	3	2	1
Respondent 10	1	2	2	1	2	2	1	2	2	1	2	2	2
Respondent 11	1	2	4	2	2	4	2	1	1	2	2	4	4
Respondent 12	2	3	2	4	2	2	1	1	2	2	2	1	2
Respondent 13	1	3	3	2	2	2	4	1	1	4	2	1	2
Respondent 14	1	2	2	2	2	2	1	2	1	4	2	1	5

KEY

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

Where, Q= Question

Q1 AIS has an important role in generating accounting information for financial reporting

Q2 Is the quality of financial reports influenced by an effective AIS

Q3 The use of internal controls and monitoring controls improve the effectiveness of AIS

Q4 Does the absence of an AIS affect the relevance and reliability of financial information

Q5 The management participation in the implementation and use of AIS enhances the quality of financial reports

Q6 Inadequate training to users of AIS distorts data output

Q7 The use of an AIS improves the budgeting process in the organisation

Q8 How often is AIS in your organisation reviewed?

Q9 The use of AIS reduces risk of error and fraud

Q10 Benefits are derived from the use of AIS

Q11 The use of AIS has brought positive impacts to the financial reporting aspect of the organisation

Q12 Has organisational effectiveness been affected by the use of AIS

Q13 Security measures which have been put in place for the system and computer hardware are effective