

GREAT ZIMBABWE UNIVERSITY



## MUNHUMUTAPA SCHOOL OF COMMERCE

DEPARTMENT OF ACCOUNTING AND INFORMATION  
SYSTEMS

**Accounting information systems as a means of enhancing  
financial performance: A case study of National Railways of  
Zimbabwe**

RESEARCH PROJECT

BY

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## ABSTRACT

Accounting information systems (AIS) as a part of company's information systems (IS) are seen as facilitating decision making within organizations and should be tailored to an organization's environment, requirements of task, and structure. An accounting information system is a structure that a business uses to collect, store, manage, process, retrieve and report its financial data so that it can be used by accountants, consultants, business analysts, managers, chief financial officers (CFOs), auditors and regulatory and tax agencies. In particular, specially trained accountants work with AIS to ensure the highest level of accuracy in a company's financial transactions and recordkeeping and to make financial data easily available to those who legitimately need access to it, all while keeping data intact and secure. Accounting information system had been widely used by many organizations to automate and integrate their business operations. The main objective of many businesses to adopt this system are to improve their business efficiency and enhance performance. The qualitative characteristic of any Accounting Information System can be maintained if there is a sound internal control system. Internal control is run to ensure the achievement of operational goals and performance. Therefore, the purpose of this study is to examine the use of Accounting Information Systems as a means of enhancing financial performance in which it was found that accounting information system is of great importance to both businesses and organization in which it helps in facilitating management decision making, internal controls, quality of the financial report, and it facilitates the company's transaction and it also plays an important role in economic system. The study was done through a case study of National Railways of Zimbabwe and a questionnaire was designed in order to come with mentioned results. SPSS software was used to analyse the primary data collected. Recommendations made after the study were to utilize the utmost benefit of related knowledge based on computer systems, evaluate accounting policies which are used in the company and they should be revised according to the principal and standard for giving more useful accounting information systems, improvement of AIS knowledge by management and to pay utmost attention to the role of accounting information system in better understanding of financial dimensions of development as one of the important tools of decision making and planning.

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## LIST OF ABBREVIATIONS

AIS – Accounting Information System

MIS – Management Information System

NRZ – National Railways of Zimbabwe

# CHAPTER I

## INTRODUCTION

### 1.1 Background to the study

Business environment has necessitated managers to consider more advanced management strategies targeted at improving decision making in organizations. Most of these strategies are tailored towards sustaining businesses in wake of rapid technological innovations, increased awareness and challenging demands from customers. One of such strategies is the adoption of information systems within business organizations (Davoren, 2019). Over the years accounting information systems have been represented by a number of different approaches or models. Each new model evolved because of the shortcomings and limitations of its predecessor (James A. Hall, 2008). This evolution of systems had its tour in National Railways of Zimbabwe. In earlier years, the company made use of manual systems in recording, collecting, analyzing and reporting information. As time elapsed the organization adopted a system known as the SAGA. This was introduced after the realization that the manual ways had many shortcomings and were more time consuming and so decisions could not be made timeously and effectively.

The stunning advance in technology opened up the possibility of generating and using accounting information from a strategic viewpoint. Therefore, NRZ in the recent years, as a way of keeping up with technological advancements, adopted a new system which included the use of the SAP software. An interesting feature of this evolution is that older models are not immediately replaced by the newest technique. James A. Hall, (2008) reveals that at any point in time, various generations of legacy systems exist across different organizations and often co-exist within a single enterprise. However, Sajady et al, (2012) states that the effectiveness of the accounting system as a whole depends on the perception of the decision makers, on the usefulness of information generated by the system to satisfy informational needs for operational processes, managerial reports and budgeting control within the organization. Therefore, the decision to have systems coexist in the organization entirely depends on the information generated by the systems.

Today, information technology and an increasingly transparent financial sector have become key driving forces in business operations, strategies, structures, ownership, and performance. These forces cut across many industries to force changes that, in turn, have had significant economic and social impacts on the organizational effectiveness (Doms, Jarmin and Klimek, 2004). Structurally, the emerging information technology industry is uncharacteristic of typical traditional processes which has gradually grown out of the need to increase efficiency and cut on operations costs in the industry. The ability of a company to achieve competitive advantage is predicated, in part, on their capacity to develop efficient, internalized accounting information systems to provide market coordination and linkages between their operations and global commodity and financial markets. Accounting information systems, in the form of periodic reports or special analyses, is often a source of information for making decisions, including pricing, production levels and product mix, outsourcing, inventory policy, customer servicing, labour negotiations, and capital investments (Horngren *et al.*, 2005; Sprinkle, 2003; Neale and Maris, 2006). Therefore, AIS is an important topic for managers and researchers alike. However, there is evidence of a gap between AIS research and practice.

Research on accounting information systems and management decision-making revealed that in managing an organization and implementing an internal control system the role of accounting information system (AIS) is crucial. The fitness of AIS with organizational requirements for information communication and control is essential but in as much as the information generated from an accounting information system can be effective in decision-making process, purchase and installation, the usage of such a system are beneficial when the benefits exceed its costs. As accounting information is just one part of the wider information set that managers use to perform their work, it is imperative to consider its strengths and weaknesses not in isolation but relative to other sources of information at a manager's disposal. Also, as managers interact with information and other managers utilizing primarily verbal forms of communication, it is through talk rather than through written reports that accounting information becomes implicated in managerial work (Matthew, 2010).



The financial performance of any individual or company is the backbone of an individual or a company, and if the company misses this backbone it will miss its balance. Therefore, financial performance is the main ingredient of the companies, which helps its continuation and growth. A proper financial performance provides a full range of accurate and reliable information to compare the actual performance of the company's activities through specific indicators are obtained from the actual performance and compare it either in specific percentages or specific targets and thus determine if there are any deviations. Based on what came in above the current study seeks to demonstrate the impact using accounting information system technology on financial performance.

National Railways of Zimbabwe seeks to increase their profit ability and revenues through the utilization of available resources and make quick decisions based on correct and accurate information in a timely manner, which in this matter has increased the importance of management information systems and also most governmental organizations are seeking to achieve the same previous goals. Accounting information systems- as part of the management information systems- represent one of the most important systems in the economic unity and these organizations vary among each other in terms of the application of accounting information systems and the consciousness of their importance. This study is to identify the impact of using accounting information systems as an enhancer of financial performance.

## **1.2 Statement of the problem**

Traditional ways of recording, summarizing and reporting company financial reports led to less optimal decisions, therefore investment in good and reliable accounting systems has become a major concern for National Railways of Zimbabwe as it leads to better management and analysis of firm's performance. This has led the researcher to investigate on the application and use of accounting systems by the company as a means of enhancing financial performance.

## **1.3 Research objectives**

1.3.1 To determine the usefulness of accounting information systems as a tool to enhance financial performance.

1.3.2 To assess if the accounting information system used in the company is adequate enough for management's short and long term financial plans.

1.3.3 Recommend ways of improving or enhancing the organisation's accounting information system.

#### **1.4 Research questions**

1.4.1 Are accounting information systems an effective tool in enhancing or improving financial performance?

1.4.2 Is the accounting information system used in NRZ giving sufficient knowledge of all financial activities for effective decision making?

1.4.3 Are the workers able to transfer their academic knowledge of accounting information systems into practice?

#### **1.5 Significance of the study**

1.5.1 To other researchers

The study is useful to other researchers interested in the problem under investigation as the study will lay a platform on which further studies related to the subject can be undertaken. The knowledge about these problems and their way out will help remedy other transport corporations in similar states. The study is conducted to make recommendations that will boost the operational performance of the accounts department.

1.5.2 To the industry

The study will also provide a theoretical basis about accounting information system successful adoption dimension to firms. It would provide practical guidance for accounting information systems implementation in transport organisations and it would also provide empirical and practical contributions for organization in effectively applying accounting information system in their operations.

1.5.3 To the university

The research is conducted in partial fulfilment of the requirements of the Master of Commerce Degree in Professional Accounting and Corporate Governance GRAD ICSAZ

## 1.6 Assumptions

- ▶ Accounting information systems have a role to play in enhancing financial performance.
- ▶ All respondents will be able to give true information about the available accounting information system.
- ▶ The research design chosen will bring out the relevant and useful information.

## 1.7 Definition of terms

### Accounting information

It is data used by external and internal actors to better understand the financial status of an organization.

### Accounting information systems

It is a subset of Management Information Systems responsible for collecting, storing and processing financial and accounting data timely and accurately for internal management decision making.

### Management information systems

This broadly refers to a computer based system that provides management with tools to organize, evaluate and efficiently manage departments within an organization.

### Financial performance

It is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. It refers to the degree to which financial objectives are being or have been accomplished.

### Manual accounting system

The accounting or bookkeeping system that does not utilize computer software for entering transactions into journals and ledgers

### **1.8 Scope of the study**

The research is going to be conducted in Bulawayo where the headquarters of the organization under study is. The period targeted by this study is from 2010 to present. The analysis of the accounting information systems of NRZ shall premise on the operational and financial data of the organization. The population under study is the finance department staff.

### **1.9 Limitations of the study**

#### 1.9.1 Time constraint

The researcher had limited time to conduct this research since she had to be at work whilst working to fulfil the requirements of the research.

#### 1.9.2 Uncooperative employees

One of the limitations the researcher had was that of uncooperative employees. In gathering information, some of the employees were not willing to cooperate hence it made it difficult somehow to get them to respond to the questionnaire that was administered.

#### 1.9.3 Financial constraint

The finances to cover travelling expenses to all the stations of the company to collect data were not enough therefore the researcher used the headquarters in Bulawayo since it is the center of most of the information that was required.

### **1.10 Summary**

This chapter sought to give a background to the study of Accounting information systems and their potential impact to the financial performance of transport organization, in this case National Railways of Zimbabwe. Four more chapters follow. Chapter II is a comprehensive review of existing works on the variables that is to say what the different authors have talked about Accounting Information Systems and financial performance. In Chapter III, the topics discussed include the research design

and specific details of how the study was conducted. The remaining chapters focus on the actual research conducted for this study. The research results are provided in Chapter IV, followed by an interpretation of the findings and recommendations in Chapter V

## CHAPTER II LITERATURE REVIEW

### 2.0 Introduction

This chapter explains past relevant literature from other researchers who have conducted research in the same field. It is a critical review of existing works on the variables that is to say what the different authors have talked about in terms of Accounting Information Systems and financial performance. It contains opinions, attributes, research outcomes and conclusions thereon from previous research work done by other people and organizations.

### 2.1 Theoretical literature

#### 2.1.1 Contingency Theory

Contingency theory suggests that an accounting information system should be designed in a flexible manner so as to consider the environment and organizational structure confronting an organization. Accounting information systems also need to be adapting to the specific decisions being considered. In other words, accounting information systems need to be designed within an adaptive framework. This theory which originated in organisational theory has been utilised in information systems research for 25 years (J. Reinking, 2011).

The first paper to specifically focus on the contingency view of accounting information systems in the accounting literature was "A Contingency Framework for the Design of Accounting Information Systems,"(Gordon & Miller, 1976). This paper laid out the basic framework for considering accounting information systems from a contingency perspective. It was then concluded that environmental uncertainty is a fundamental driver for designing management accounting systems among successful organizations. A key finding in this study was that, as decision makers perceive greater environmental uncertainty, they tend to seek more external, nonfinancial and ex ante information in addition to internal, financial and ex post information. This latter finding has been confirmed by several studies that followed. Although extensively studied in the last two decades, contingency theory has been given relatively little consideration in terms of the factors that influence the

accounting information systems. Few organizations appear to have systematic processes in place for managing the evolution of their measurement systems and few researchers appear to have explored two of the main questions: What are the requirements of accounting information in transport companies? And, how efficient is the accounting systems in such companies? While early accounting information system studies focused on the impact of general information technology on accounting and the roles of accountants, more recent accounting information system studies focused on the impact of more sophisticated information systems such as ERP's on the role of accountants (Rom and Rohde 2006). The support of contingency theory was utilized to identify the contextual factors that may influence the use of MAS; namely organizational strategy, technology, structure, external environment, and size. The study findings showed that the framework provided clarity in linking the perceived usefulness of MAS information characteristics to managerial performance that has been viewed as problematic by past studies.

## **2.2 Financial performance**

The word 'Performance is derived from the word 'parfourmen', which means 'to do', 'to carry out' or 'to render'. It refers the act of performing; execution, accomplishment, fulfilment, etc. In border sense, performance refers to the accomplishment of a given task measured against present standards of accuracy, completeness, cost, and speed. In other words, it refers to the degree to which an achievement is being or has been accomplished. In the words of Frich Kohlar "The performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like (R.W Metcalf and P.L Titard). Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance is used to indicate firm's success, conditions, and compliance.

Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare sectors in aggregation (J.M.G

Boaventura, 2012).

The financial detail of any individual or company is the backbone of an individual or a company, and if the company misses this backbone it will miss its balance, so the financial performance is the main ingredient of the companies, which help its continuation and growth (H. Sajady, M. Dastgir and H. Hashem Nejad, 2008). A proper financial performance provides a full range of accurate and reliable information to compare the actual performance of the company's activities through specific indicators are obtained from the actual performance and compare it either in specific percentages or specific targets and thus determine if there are any deviations.

## **2.3 Accounting information systems**

### **2.3.1 Function**

The accounting information system, i.e. the accounting process, can be defined as a subpart of the information system of the enterprise, and within it as a subpart of the information system of the management. The task of the accounting information system is to meet the data demands of the management information system through the management reporting sub-system. So it provides information for the managers of the company, certain functional areas and the body of the owners and the supervisory authorities. The information supplied by the accounting information system has an important role in basing the decisions on, inside or outside of the company. The accounting information system is in close connection with the management information department, the accounting and administration department, the inner control and the information technology team (Z. Toth, 2012). The harmonic and efficient activity of these areas characterises the centre of the accounting information system, which provides for the basic data of the informational database.

The information system works within the enterprise and includes two, closely related sub-systems: a data processing/ information supplying sub-system and a decision-making sub-system. The data-processing system is responsible for acquiring, coding, storing, processing and forwarding the information necessary for the activity and operation. The task of the decisive sub-system is – on the basis of information from



data-processing systems using them – to influence, directly or indirectly, with the management processes and the operation of the system, (T. Pal, 2006) However, the decisive sub-system is special, as in practice it has “only” a pre-decisive, pro-decisive role. Accounting, as the decisive sub-system of the information system, can have a special role because within the company accounting as a functional area does not have decisive competence related to the activity and operation of the company, but does have a great role in preparing and supporting the decisions of the management. The most important purpose of the accounting information system is to promote the activity of the enterprise, to form a reliable and real picture of it (T. Pal, 2006). The accounting information system promotes the activity of the company effectively in preparing up-to-date statements, providing as much information as possible so that the data should be understandable not only for the experts (book-keepers), contributing to different statistics by means of the links of the system and tracking liquidity.

Sajedy et al, (2012) states that effectiveness of accounting information system depends on the perception of decision makers on the usefulness of the information generated by the system to satisfy information needs for operation processes, managerial reports and budgetary control within the organisation.

### **2.3.2 Review of related literature**

There were many studies conducted in the area of utilization of information systems in diversified sections of the activity. These studies have thrown light into the effective utilization of the systems in the present day in transport organisations. Some of the studies that were done off late are being discussed.

Al Qatananeh (2004) aimed to identify and analyse the role of accounting information system to provide quality accounting information to meet the managerial requirements. The research done on a sample of 45 which constituted 60% of the population showed that there exists relationship between Accounting Information System component and quality of information received. In another research conducted by Sajady et al. (2008) the effectiveness of accounting information systems for finance managers of listed companies at Tehran stock

exchange were studied. The results indicate that implementation of accounting information systems at these companies caused the improvement of managers' decision-making process, internal controls and the quality of the financial reports and facilitated the process of the company's transactions. The results did not show any indication that performance evaluation process had been improved.

Onaolapo and Odetayo (2012) believe that accounting information system has a significant effect on organizational effectiveness which includes financial performance with a research study carried out in a selected company in Ibadan Nigeria. The study examined the effect of accounting information system on organizational effectiveness specifically on quality of financial report and decision making. Descriptive and inferential statistics tools were used to analyse the data with the aid of statistical package for social sciences SPSS. ANOVA was used in testing the hypothesis the results showed accounting information system has effect on organizational effectiveness. Recommendations were subsequently made to both the managers of such organizations and government on how to use the accounting information systems software packages as they can enhance performance in finance department.

Haddad and Atmeh (2007) studied the factors relating to information technology and environment affecting the role of accounting information system in decision making strategy in Jordanian companies. The researchers distributed 114 questionnaires to key officers in the Jordanian industrial companies e.g. the CEO, Financial managers, production and marketing managers. The statistical method used by them was t-test, spearman correlation, R square to study the studies hypothesis. Their findings based on their analysis showed that there is a positive relationship between information technology, environment, and accounting information system but did not find a relationship between accounting information and strategic decision making.

Siamak (2012) said AIS is the whole of the related components that are working together to collect, store and disseminate data for the purpose of planning, controlling, coordination, analysis and decision making. He studied on the usefulness of accounting information systems for effective organizational performance on which ANOVA statistical approach was conducted, the objective of the test was to find the relationship between the independent variable and dependent variable. For

the purpose of testing the hypothesis, regression analysis was employed. The results of the study showed that although accounting information systems is very useful and have effect on organization performance, but there is no relationship between accounting information systems and performance management. Ahmad et al (2013) examined the factors that affect accounting information system implementation and accounting information quality, a survey in university Utara Malaysia, which he found out that the relationship between management commitment and data quality are not significantly related to accounting information quality but significantly related accounting information systems and human resources. Questionnaires was used as data collection instrument, to ensure questionnaire reliability, Cronbach's alpha was used as a measure of internal consistency of the questionnaire and a regression analysis was used to test the hypothesis. The study recommends that comprehensive training programs should be organized to get the sufficient knowledge in accounting information system implementation and the importance of data quality, however the study recommends that top management should support accounting information system implementation to get full benefit of accounting information. According to (Rahayu 2012), the management commitment on data quality together have adequate effects on accounting information system, although the contribution of management commitment to data quality needs to be improved based on their research, and also finds lack of top management adequacy for training and funding for resources development. As the management commitment increase, accounting information system effectiveness improves, management commitment is "engaging in maintaining behaviours that others achieve their goals". It is believed that if there is low level of top management support, then top management may not involve in aspects of information system implementation such as the review of the consultant recommendations, participate in decision making, or monitor the project, expect approving the purchase of computer system, furthermore they found out that management commitment increases the effectiveness of information system.

Augustine M, Maurine K, Jian Z (2014), conducted a research on impact of accounting information on profitability companies in Kampala city in Uganda east Africa. Descriptive method was used, where qualitative data were collected. Secondary data was collected to analyse the impact of accounting information system on profitability level of the entities. The major problem found was that, most businesses

do not have a proper accounting information system which always results to low performance levels. The research findings revealed that accounting information plays an important role in the economy and social systems especially in its management and a great works it does in facilitating management decision making process. They also found out that, businesses do not apply accounting information systems which results into low profit. More so, the finding shows that there is a positive relationship between accounting information system and profitability level.

Rahena et al (2011), information system is mainly used by many organizations to improve efficiency of business activities by automating existing operations. Past researches showed that by adopting accounting information system firm performance can be improved. There is always significant improvement in firm's performance whenever they adopt the AIS. Accounting information system is a superior system that focuses on user orientation. Core objective of AIS is to collect and record data and information that is concern with event that can economically impact on firms. It processes information and communicate this information to both external and internal stakeholders. A research was carried out by them on the effect of Accounting Information System on profitability of Pakistani firms. The study investigated the adapters and non-adapters of accounting information system. Their sample data was taking by using purposive sampling of some selected public listed companies on Karachi stock exchange. The study used profitability as independent variable which is measured by ROA, Leverage which is quantified using debt ratio, and firm size is measured by taking natural logarithm of total assets, these independent variable is taken on the basis of high availability as determinant of profitability. Their study was to check the overriding role of accounting system on this relation, so Accounting Information acts as the dependable variable in the study. Their findings revealed that firm's performance differs years after years with or without accounting system but similarly, it was shown by the regression analysis that accounting information has a significant relationship on the profitability. They recommended that firms should use enterprise resource planning (ERP) because they have many benefit and they are becoming necessities for business organizations worldwide. Government should take a leading role to initiate ERP training academics so that trained ERP users could be produced who can use them effectively. Awareness should be given to both public and private sectors to use these systems.

According to Sajady, M. Dastgir, and Hashem Nejad, (2008) benefit of accounting information system (AIS) can be evaluated by its impact on improvement of decision making process, accounting information, performance evaluation, internal controls and facilitating company's transaction. The effectiveness of organizational performance depends on the five variables above.

#### **2.4 Accounting information systems and financial performance**

Financial managers need the financial and accounting data provided by the accounting information systems to evaluate the firm's past performance and to map future plans. Accounting information system is a system of managing and processing transactions, disseminating required reports, and ensuring appropriate control environment relating to business financial transactions. The outcomes of the accounting information system, financial reports, are required at numerous levels of detail at different levels of management and by other stakeholders. In fact, the outcomes of an accounting information system feeds into various decision streams at operational, tactical, and strategic levels of organisation. Users require financial and related information with various degrees of detail and with various levels of analysis (D. Hla and S.P Teru, 2015).

The AIS design can be defined in terms of the information characteristics that it provides. James H. Hall (2008) described accounting information systems according to the perceived usefulness of four information attributes, namely scope, timeliness, level of aggregation, and integration. Scope refers to the measures being used and to the extension of AIS in time and space. Then information could focus on future vs. historical events or external vs. internal events. Also the information could be quantified in monetary or non-monetary terms.

Timeliness refers to the frequency, speed of reporting and the orientation of the information (e.g. short or long run). Aggregation refers to the way data is aggregated in time periods, functions or in accordance with decision models. Finally, integration refers to the need of providing information to reflect the interaction and coordination effects of several functions in the organization. These four attributes have been analysed for comparing accounting information systems and organizational strategies and performance (Gerdin and Greve, 2004). Only recently

have studies begun to examine whether organizations systematically vary the accounting information system design to support their chosen strategy, recognizing that AIS have the potential to facilitate strategy management and enhance financial and organizational performance (Gerdin and Greve, 2004). Appropriate review between designing of AIS and performance of commercial units by analysing strategies explains that high performance of commercial units depends on a wide range of accounting information systems (Boulianne, 2007). Existing literature offers scant evidence of the relationship between these AIS and financial performance; though it is important to highlight the study made by Elena U Grande, R.P Estebanez and C.M Colomina (2010) which discovered a positive association between AIS design and organizational strategy and performance. The successful implementation of AIS could save shareholder's money and time. The information value generated by AIS to shareholders and stakeholders in making investment decisions (Zulkarnain Muhamad Sori, 2009).

It is common knowledge that the main objective of a business is to maximize profit either in terms of increases in business productivity or by achieving rapid expansion in market shares domination. To achieve this goal, businesses need to be responsive to the changes in the environments, in particular to the information technology revolution. Nowadays, information technology is a must in many businesses. It is difficult to gain competitive advantage and survive without some adoption or implementation of this advancement in technological products. Studies has shown that the most widely use information system is accounting information system, specifically in financial reporting aspects (Marriot and Marriot, 2000; Riemenschneider and Mykytyn Jr, 2000; and Ismail, 2007).

Accounting information systems are viewed as a system that helps management in planning and controlling processes by providing relevant and reliable information for decision making. It suggests that accounting information system functions are not solely for the purpose of producing financial reports (N. Sahawneh, A.F Hayek and M. Bshayreh, 2016). It role goes beyond this traditional perspective. Accounting information system should be utilized to include planning and managing business activities. It could also be used as a controlling mechanism such as budgeting. Therefore, full adoption of the system is essential to fully attain the system's benefits.

In general, financial accounting data has been commonly defined as information prepared for external users such as creditors, investors and suppliers. Nevertheless, its functions could also be extended to include providing managers with useful data for making informed decisions or commonly known as management accounting. Both information, financial and management accounting information come from the same sources of data; the only difference is in the way these data are presented.

Sarai, Zariyawati, & Annuar, (2010), information system had been widely used by many corporations to automate and integrate their business operations. Many organizations adopt the information system to improve their organizational efficiency and increase competitiveness ability and financial performance. In achieving their study objective which was the information system impact on company's performance, they used panel data to analyse firm's financial performance which they said was more relevant because it contains the necessary mechanism to deal with both inter- temporal dynamic behaviour and the individualistic of the firms. Based on their findings, they found that adoption of accounting information systems could provide companies with the right capabilities and resources in achieving their objectives. Therefore, result from their study revealed that companies that use accounting information system do increase their firm's financial performance.

Accounting information is an ingredient in most, if not all, financial managerial decisions. In developed economies, these decisions are worth billions of dollars each year. In some cases, the decisions are lacking in quality. Consequently, if researches can improve decision making through improved information, society will benefit.

#### **2.4.1 Managerial performance and accounting information systems**

There are many studies that were conducted in the area of Accounting information system management and utilization. According to the studies that were conducted by Hongjiang Xu, (2010), management is engaged with different types of activities which require good quality and reliable information. Hongjiang Xu was of the opinion that quality information is one of the competitive advantages for an organization. Later Dalabeeh et al (2012), conducted further studies in this regard for the further advanced utilization of the accounting information system mentions in his studies

that the accounting system is strongly connected with various administrative processes; it helps rationalize decisions, makes the administrative process more effective in satisfying the needs of the organization's management and raises the levels of performance in order to realize goals. The researches done by Hongjiang Xu as well as Dalabeeh et al has its relevance when the observations made by Elena et.al (2011) were reviewed. Elena has mentioned in addition utilization of the Accounting Information Systems in the area of management and control of topics related to firms, the system can be effectively utilized in the economic and financial area. Elena has also mentioned that the stunning advancement in technology has opened up the possibility of generating and using accounting information from different viewpoints which supported the administration in managerial decision making.

There were other studies that were conducted prior to these studies. These references have relevance as of today since the accounting system developed gradually and to reach its present requirements. One of the earlier studies in this regard conducted by Al-Dhufairy (2008), is of the opinion that the accounting information system play a significant, effective role in providing all levels of decision-makers with timely, accurate and precise information which helps them take the right decisions, and they play an important role in the process of managing an enterprise's activity. He refers the importance as they exist inside the organization and control all its activities. In support to the references made by Al Dhufairy, it is further seen that H. Sajady et al (2008) has also observed the need of accounting information systems as important organizational mechanisms that are critical for effectiveness of decision management and control in organizations. According to Abd el-Rahman, et al (2012), it was of the view that the value of an accurate and efficient accounting system is demonstrated by its ability to aid all organizations, by contributing to improving the quality of services, reducing costs and eliminating all resource-wasting activities. The AIS contributes to extent the knowledge and enhance the experience which eventually leads to developing the organization and increasing its competitive advantage through the improve system's ability to provide the right information at the right time. The amount and quality of information available to managers is a good indicator of organizational success. Managers who receive relevant and reliable information can plan for the future, improve cost



control, improves the quality of their performance.

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#### 2.4.3 Accounting Information Systems, performance management and organizational performance

AIS process the non-financial and financial transactions which have direct impact on the financial transaction processing. Wilkison et al (2000) state that AIS not only process the financial information and accounting data but also transform the non-financial data into accounting information. Eventually, non-financial and financial data is transmuted into accounting information for decision making. Collecting, processing, storing and distributing information to support the controlling and decision making process within an organization are the basic units and interconnect components of AIS Laudon K.C et al (2005). AIS are the integration of physical and non-physical components which are interconnected. These components collaborate with each other to process the financial transaction data to solve financial problems Susanto A (2007). According to Laudon et al. (2005), various type of IS are required to support the decision making and work activity at different functional levels in an organization. Most of the IS are required to integrate the different functional levels information and business processes for producing a useful information for decision making.

Hence, the integration of systems is necessary. AIS are consisted of different sub systems; one sub system of AIS covers the managerial reporting, transaction reporting system, and financial reporting system. AIS are consisted of various

components including technology, network communication, database, procedures, brain-ware, software and hardware. Existing research provides a limited evidence of correlation between PM and AIS. AIS are a critical organizational mechanism for better control and effective decision making in the organization (H. Sajady et al, 2008). Presence of AIS in the organization has changed the way of distributing information, storing, processing and capturing the data. Now days, organizations are using on-line and digital information in their AIS for better decision making.

Conway (2009) states, performance measures in an activity that guarantees the goals are being reliably met in an efficient way performance management focuses on the operational performance. AIS affect the performance measures and have an impact on the whole organization through affecting various departments since the management is engaged in different activities for acquiring reliable information so that the profit margins could be increased.

## **2.5 Accounting information systems and internal controls**

The advancement in technology has enabled companies to generate and use accounting information systems. The qualitative characteristic of any Accounting Information System can be maintained if there is a sound internal control system. Internal control is run to ensure the achievement of operational goals and performance. When organizations adjust their computerized techniques of internal control mechanism according to accounting information systems they will be able to ensure the reliability of financial information processing. Also, developing an internal control system requires a thorough understanding of information technology, capabilities and risk as well as how to use IT to achieve organizational goals (D. Hla and S.P Teru, 2015). In order for the accounting information system to generate the accounting information expected, an internal control system is required, Azhar, (2013). The objective of the internal control system is to secure the assets and ensure that everyone involved in the organisation can follow the procedures set by the organisation. According to Hurt, (2008), without the internal control that is integrated into the accounting information system the emergence of a variety of frauds in the organisation is highly likely. One of the main goals of accounting information systems is to control the business held by the organisation, where the accountants can help in achieving this goal by designing an effective control system.

The implementation of control is aimed to implement the policies and ensure that wrong data does not enter the company database (Effy 2009). With such policies in place, financial information produced can be relied on by decision makers hence improving the quality of financial decisions made and eventually financial performance is boosted. This study therefore also looks at the accounting information system and the internal control frameworks.

Toposh K, (2014) asserted that qualitative characteristics of accounting information can also be maintained if there is sound internal control system in an organization. Internal controls are procedures set up to protect assets, ensure reliable accounting reports, promote efficiency and encourage adherence to company policies. Internal controls are essential to achieve some objectives like efficient and orderly conduct of accounting transactions, safeguarding the assets in adherence to management policy, prevention of error and detection of error, prevention of fraud and detection of fraud and ensuring accuracy, completeness, reliability and timely preparation of accounting data. If good internal control exists in any organization, management can use information with greater reliance to maintain their business activities properly which provide AIS.

Internal controls aim to ensure the reliability of financial information, the effectiveness and efficiency of operations and the compliance of laws and regulations, I.X Zhang (2007). The validity of an internal control system affects the significance of in-ternal controls. U. Hoitash et al (2009) stated that the value of internal control influences operational performance through information reliability operational effectiveness. Computerized internal controls have effects on the value of internal controls and performance of operations. H. Sajad, M. Dastgir and Hashem Nejad (2008) alleged that implementation of accounting information systems caused the improvement of manager's decision making process with internal controls, the quality of the financial reports and facilitated the company's transaction. Therefore, the adaptation of internal control techniques is a critical management issue that ensures the usefulness of internal controls and the achievement of operational objectives.

Grande et al, (2011) outlined the advantages of integrating accounting information into business to include better adaptation of the business to a changing environment,

better management of arm's length transactions and a high degree of competitiveness. The integration also helps to boost the dynamic nature of firms with a greater flow of information between different staff levels and the possibility of new business on the network and improved external relationships for the firm, mainly with foreign customers accessed through the firm's web. With the existence of more intercommunication, there are increased chances for diversification of traditional businesses. However, accounting information may be distorted when efficient and effective system of control is not in operation. A good system of internal control (means of ensuring reliability and completeness of accounting information for management use) therefore, will serve to ensure an adequate procedure for the recording of monetary and all other transactions of an organization. Al-Hantawi, (2001), indicated that the most important characteristics that qualify accounting information systems as effective and efficient are the accuracy and speed of processing financial data into accounting information, therefore providing management with the necessary accounting information on time; providing management with the necessary information to perform functions of planning, control, evaluation, speed and accuracy in retrieving stored overall and descriptive information when it is needed; adequate flexibility; general acceptance of workers ;simplicity, and to be associated with other information systems in the entity.

Therefore, if companies are able to adjust their computerized techniques of internal control mechanism according to AIS, they will be able to ensure the reliability of financial information processing and boost the control measures of effectiveness of the financial information reliability. When the controls are used properly there will be better operating effectiveness and efficiency which will result in better financial information reliability and excellent financial performance. Managers at various levels need AIS to make decisions in internal controls U. Hoitash and Bedard (2009).

## **2.6 Accounting information systems and quality of output**

Accounting information system (AIS) output depend on the quality of data, garbage in garbage out is the result of poor data quality, and therefore data quality is important to accounting information systems Xu, (2003). All data production processes (data collection, data storage, and data utilization) must work properly in order to achieve high data quality, Lee and Strong (2003). According to Xu (2009),

inaccurate and incomplete data may damage competitiveness of the firm hence affecting financial performance. They also found out that that input control and competent employees are important to data quality of accounting information system.

Poor information quality may have adverse effect on decision making. Quality of accounting information can be evaluated by four attributes, accuracy, timeliness, completeness, and consistency. Xu (2003) examined critical success factors for accounting information quality, they identified and interviewed four groups namely (information producers, information custodians, information consumers and information managers. They found and suggested that organizational issue, system and human issue, are very much important to accounting information quality.

Rahayu (2012) examined the influence of management commitment on data quality and accounting information systems. He finds out that management commitment and quality of output together have adequate effect on the accounting information system, although he suggested that contribution of management commitment need to be improved and also to management adequacy training and funding of resource development need to be considered by organizations. Doms, Jarmin and Klimek (2004) say that financial statements still remain the most important source of externally feasible information on companies. In spite of their widespread use and continuing advance, there is some concern that accounting practice has not kept pace with rapid economic and high technology changes which invariably affects the value relevance of accounting information. The importance of Chang's assertion is reinforced by massive accounting fraud in developed countries especially United States of America (USA), rapidly changing business environment and reports by some researchers that value relevance of accounting information has declined. However, a number of researchers claim that accounting information has not lost its value relevance. Quality information provides a comparative advantage to the organization. Accounting information systems provide an option of acquiring quality information which serves as comparative advantage. Therefore, organizations are investing in accounting information systems so that timely flows of quality information could be increased for better management decision. Essex et al. argue that quality information obtained through accounting information systems is essential for management. Therefore, organizations often use accounting information systems to

back-up their management decisions. Usually, financial analysis of accounting information is used in decision making and often the analysis is done by using (AIS). Using business technology, accounting information systems (AIS) can process ample amount of data for managers and owners of the firms.

## **2.7 Summary**

According to the literature reviewed, some studies were done for the banking industry, some for the communication industry and some for small scale businesses, all the studies were carried out of Zimbabwe. However, if the study is carried out in a different economy results can be different. Studies that were conducted for the transport industry were carried out in developed countries which are ahead of us in terms of technology hence the need to carry out the study in Zimbabwe. Lastly other studies on the same topic were carried out in different countries and at the same time focusing mainly on organisational effectiveness. Literature review has helped to build the questions for this research as to whether accounting information systems have an impact on the financial performance in National Railways of Zimbabwe as was witnessed from other countries in which the similar studies were conducted.

Even though past researches state that a greater effort in using accounting information systems corresponds to better financial and economic results; in line with the contingency theory, the researcher is aware that in the results obtained other complementary variables are combined as an alignment with organizational performance and company's long-term strategy. This chapter aimed to review literature on specifically the use of accounting information systems as an enhancer of financial performance and the control of such.

## CHAPTER III METHODOLOGY

### 3.0 Introduction

This chapter sets out the research approach that will be used in achieving the study's objectives. It sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. Howel (2013) defines methodology as a strategy that shows the way in which a project research was done, identifying the methods used and defining the means and models of collecting data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the raised research questions.

### 3.1 Research Design

A research design encompasses the methodology and procedures employed to conduct scientific research. The design of a study defines the study type. The researcher will employ a case study approach which allows for intensive observations and investigation of salient factors in the units of study. According to Yin (2010), a case study can be defined as an experimental inquiry that investigates a contemporary phenomenon within its real-life context. Case studies allow a lot of detail to be collected that would not normally be easily obtained by other research designs. The data collected is normally richer and of greater depth and that was the reason behind this choice of design. Birks et.al (2017) says that a case study research has grown in reputation as an effective methodology in investigating and understanding complex issues in real world settings. On the whole, this research design facilitates a better understanding of the impact of accounting information systems towards financial performance.

In addition, the quantitative approach was applied in data collection and analysis. Quantitative approach emphasizes objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. It provides summaries of data that support generalisations about the phenomenon under study. In order to accomplish this, quantitative research usually involves few variables and many cases, and



employs prescribed procedures to ensure validity and reliability. The descriptive design is found to be suitable because it addresses major objectives and research questions proposed in the study adequately

### **3.2 Sources of data**

Data from the created sample was collected using two methods of collecting data, which are primary and secondary data methods. These were used to afford a sufficient supply of data focusing on the problem. Secondary data consist of figures, which were collected originally to satisfy a particular enquiry but have been used now at second hand as basis for different enquiry. Primary data on the other hand consist of figures collected at first hand in order to satisfy the purpose of a particular enquiry.

The main advantage noted by the researcher is that data collected was relevant to the research, as well as the questions formulated, and bias was reduced as data was collected from both the management and employees. However, some responses provided were misleading. In an effort made to reduce the shortcomings of primary data, responses provided were complemented by information from interviews. This helped to clarify and remove out any misleading information that had been previously provided. Secondary data is the data collected from the existing data information concerning the study.

Secondary data was readily available to the researcher. It was easy to collect as some of it was already aggregated. The researcher noted that secondary data helped in avoiding duplication of work that may have been collected from other respondents as in the case of primary data. It was cheap as compared to primary data as no copies were circulated and the data was obtained from one department where it is stored for referencing purposes.

However, some of the data available was not up to date and therefore some reports were not necessary. The researcher also noted that the data presented was for a specific purpose and therefore some of it was not relevant to the study. The research took significant steps to reduce the negative impact or shortcomings of secondary data on the research. All outdated information was deliberately left out of the study.

The researcher took care to consider the purpose for which the data was collected.

### 3.3 Population and sample

According to Amviko (2011), research population is the total of all individuals who have certain characteristics and are of interest to a researcher. The target population in this research is thirty drawn from NRZ's accounting department as shown in the table below:

Table 3.1 Population and sample size

Department	Number of employees	%
Supplies and stores	3	10
Taxation, debtors and payroll	5	17
Revenue: Goods	6	20
Revenue: Ledgers	6	20
Control and budgets	6	20
Cash books and loans	4	13
Total population	30	100

Source: Primary

A sample should reflect the typical characteristics and main features of the population. In light of the research questions raised in the study, a sample size of thirty, which is a hundred percent of the target population was ideal. This is because it gives adequate representation of the use of accounting information systems in the department.

### 3.4 Research Instruments

These are the means by which the researcher collects information. To gather data, the researcher used close ended questionnaires and interviews.

#### 3.4.1 Questionnaire

This is the preparation of a series of questions pertinent to the matter under investigation which is sent to those the researcher feels have information to be discovered. It is a well-designed tool within social sciences characteristics, present and past data behavior, standards of behavior or attitudes and their beliefs and reasons for action with respect to the topic under investigation (Bulmer, 2004). The use of questionnaires is ideal since it guarantees confidentiality to the respondents. The questionnaire was distributed to all members selected as sample size. The sample was not homogenous, that is, it consisted of staff that was at different levels within the organization. Closed questions were used and the researcher noted that it had an advantage of keeping the respondents' minds riveted on the subject. The researcher also noted that questionnaires gave the respondents time to cross check their answers.

#### 3.4.2 Interviews

An interview can be regarded as a direct face to face conversation between two or more people with the intention of eliciting the required information from each other. The researcher noted that interviews allowed instant feedback. Also, interviews presented an opportunity to the researcher to obtain the exact information that was intended and it exposed those areas that the interviewee did not understand and which needed further explanation. Interviews proved to be of great importance to the researcher as they attracted honest responses, clarifications and explanations that were essential towards fulfilment of research questions. The researcher had an opportunity of asking probing questions and follow up on unclear responses.

#### 3.4.3 Observation

Harper W Boyd et.al (2004) defines observation as the process of recognizing and noting people, objects and occurrences rather than asking for information. It can either be participative or non-participative. Participative observation is more qualitative and involves a situation where the researcher becomes part of the activity or process and becomes part of the group from which information is required and from whom it is sourced, whereas with non-participative observation is when she or she looks at things being done without taking any part. The researcher watches and records the events as they occur. For the purposes of this study, the researcher undertook the observation during the work related learning period where she was placed in the organization under study. This research instrument helps the

researcher as she assesses the information gathered through the other instruments to see if it is true and reliable compared to what she gathered using the observation and so there are high chances of honesty from respondents.

In an effort to minimise challenges, a pre-test of the questionnaire and the interview guide was conducted. The researcher forwarded the structured questionnaire and the interview to her supervisor who is an expert in the area covered by the research for editing and reviewing. This was meant to validate the questionnaire and establish clarity before the actual sending of questionnaires.

### **3.5 Data Collection procedures**

The researcher sought for permission from the responsible authorities first before distributing the questionnaires. The questionnaires were issued to the employees at the New Headquarters in the different divisions of the accounting department. Of the thirty questionnaires that were administered, the researcher managed to get back twenty-seven, the other three respondents were not available on the day of collection. One of the remaining respondents then requested for an email and so he managed to respond through email.

### **3.6 Data analysis and presentation procedures**

Data collected by way of questionnaires was analysed basing analysis on the percentage of respondents depending on opinion expressed by respondents. The analysis was done using the SPSS V16 software and data was presented by way of graphs and chart presentations. Analysis was also done with reference to what literature specifies to be appropriate as regards good accounting information system. In addition to what literature says, analysis was also based on the policies and procedures the organisation has put in place, evaluating if these policies and procedures are being followed and if they were serving their intended purposes.

### **3.7 Validity and reliability**

Validity is the measure of the extent at which the instrument performs. To ensure validity of the data to be collected, the researcher looked at the content of the instruments if they cover what the researcher wanted to know and also checked the relevance and appropriateness of the questions in line with the concepts under

scrutiny. Creswell, (2007). The researcher also analysed the consistency of the questions asked.

Reliability of data refers to the extent to which one can rely on the source of data and the data itself. To ensure reliability the researcher formulated questionnaire with clear wording of questions using words which were familiar to the respondents in the accounting department. Uma et al (2013).

### **3.8 Ethical considerations**

The purpose of research was clearly explained to the respondents before gathering data. The researcher explained participant's rights to participate or withdraw from the survey at any stage. The benefits of this research were clearly explained to the respondents. The researcher guaranteed anonymity by explaining that names and addresses of respondents were not going to be used in the final draft of the research and no data was going to be stored using respondent's addresses and names. Dawson, (2002). It guaranteed respondents that anything discussed could not be traced back to them. In-order to ensure confidentiality the researcher explained that the data was not going to be communicated to third parties unless otherwise permission to do so was sought from them. The researcher assured that not any part of their responses will leak even at the disposal stage of the completed questionnaires as they were shred after data analysis.

### **3.9 Summary**

The chapter presents the research methodology that was used in analysing the accounting information system in the National Railways of Zimbabwe as a means of enhancing the organisation's financial performance and effectiveness.

## CHAPTER IV DATA PRESENTATION, ANALYSIS AND DISCUSSION

### 4.0 Introduction

This chapter presents the analysis, interpretation and discussion of findings of the study based on the primary and secondary sources of data. It presents the findings on the usefulness of accounting information system, the quality of output and the internal control of the overall accounting information system. The chapter shows output of responses after using the SPSS software.

### 4.1 Response rate

Questionnaires were administered to 30 respondents and 27 respondents returned the questionnaires. This translates to a response rate of 90%. The high response rate was attributed to the fact that most of the questions were structured using a 5 point Likert scale making it easy for the respondents to fill in the questionnaires. According to Hamilton (2003), Sheehan (2001), and Survey Monkey (2009), acceptable response rate varies according to how it was administered. The questionnaires were delivered and collected by hand and hence there was a close contact and follow-up with the respondents. The high response rate is an indication that the results of this study are reliable. Table 4.1 shows the response rate.

**Table 4.1 Response rate**

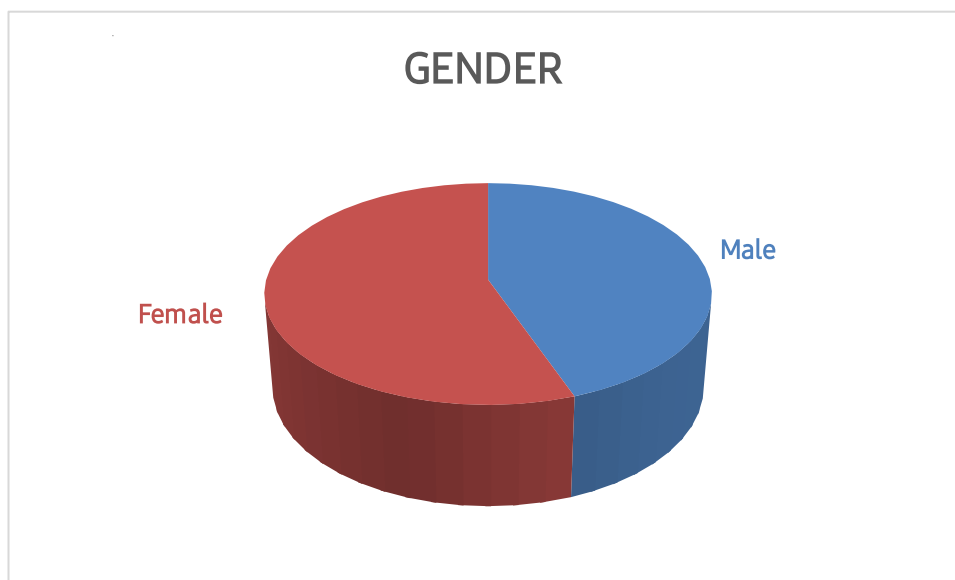
<b>Instrument</b>	<b>Target number</b>	<b>Responses</b>	<b>Percentage response</b>
Questionnaire	30	27	90%
<b>Total</b>	<b>30</b>	<b>27</b>	<b>90%</b>

Source: Primary

## 4.2 Demographics

### 4.2.1 Gender of respondents

44% of the respondents were males and the other 56% were females. This implies that there was no gender bias in the collection of data. The information on the gender of respondents is summarised in Figure 4.1 below.

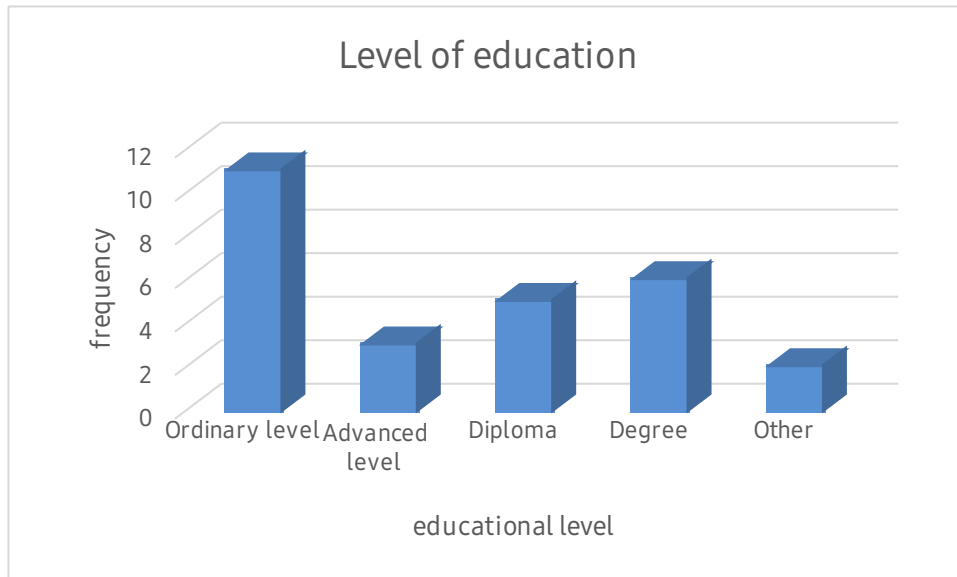


**Figure 4.1 Gender of respondents**

Source: Primary

### 4.2.2 Level of education

The target respondents were good enough to guarantee credible findings with more than 50% of them having an educational level that is beyond ordinary. Even with the 41% of ordinary level respondents, the researcher was guaranteed that at least all respondents could read and understand what was required of them. The result discussed above is illustrated below and the information on frequencies in Figure 4.2.



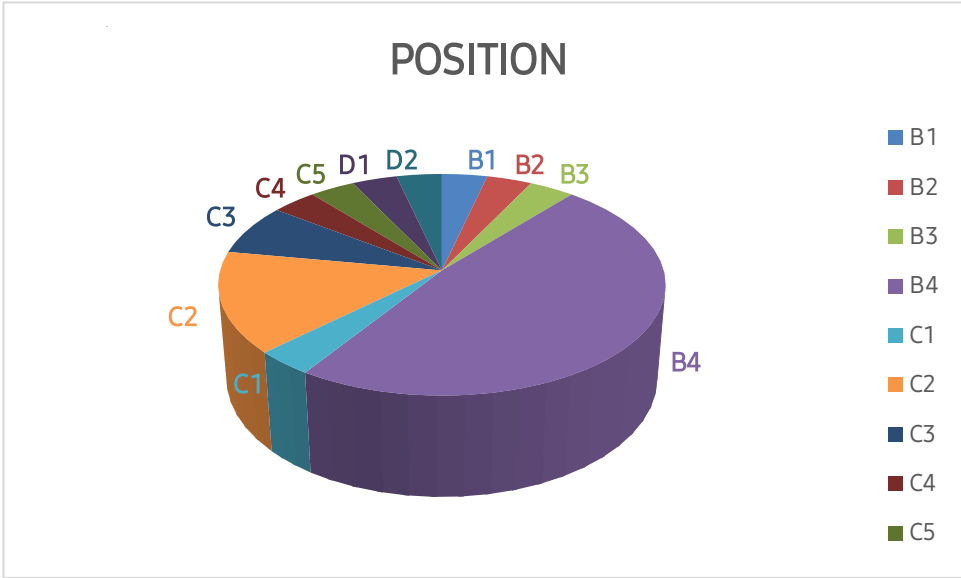
**Figure 4.2 Level of education**

Source: Primary

#### 4.2.3 Position of respondents

The position of the employees at NRZ and the level of responsibilities for each employee is defined by the grade that the person is categorised in. The grades range from A to E but for the purposes of this research, the researcher was only allowed access to respondents with the highest grade being D. 48% of the respondents were found to be in the B4 grade with an overall total of 59% of the respondents being in the B grade. Most employees in this department who fall under this grade are accounting clerks. These clerks are responsible for the processing of many transactions and recording of such after authorisation. This then means that a greater percentage of respondents are familiar with the larger part of the accounting information system and so the findings can be relied on. The figure, Fig 4.3, below illustrates the position of the respondents in the particular department.



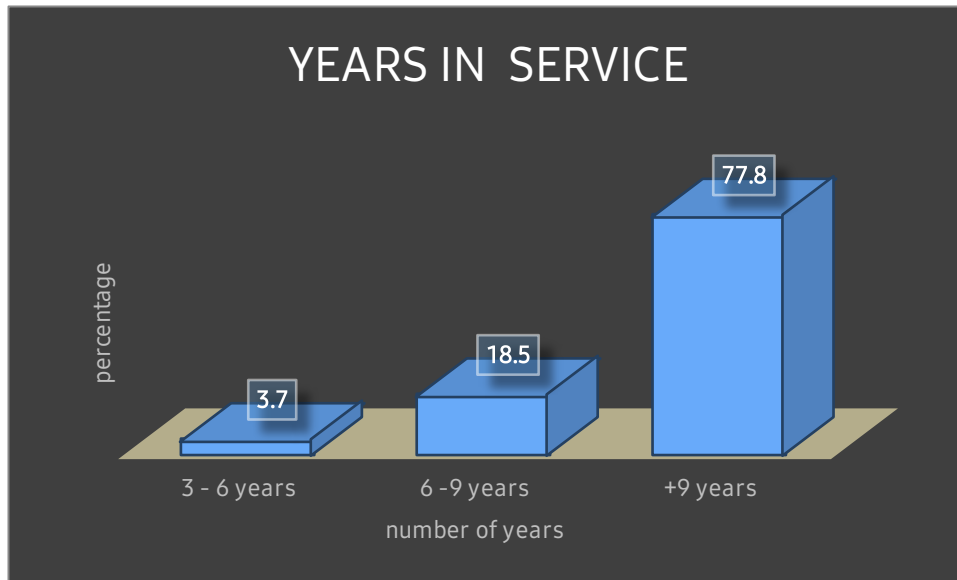


**Fig 4.3 Position of respondents**

Source: Primary

**4.2.4 Years of service**

Figure 4.2 below shows that majority of the respondents have worked for their company for more than nine years. Only 22% of the respondents have worked for their company for a period not exceeding nine years. This is an indication that most of the respondents have a thorough understanding of their company and the accounting information system thereof. Therefore, any information obtained from them would be reliable due to experience with the changes made from previous systems and where the current system has improved and where it needs reconsiderations.

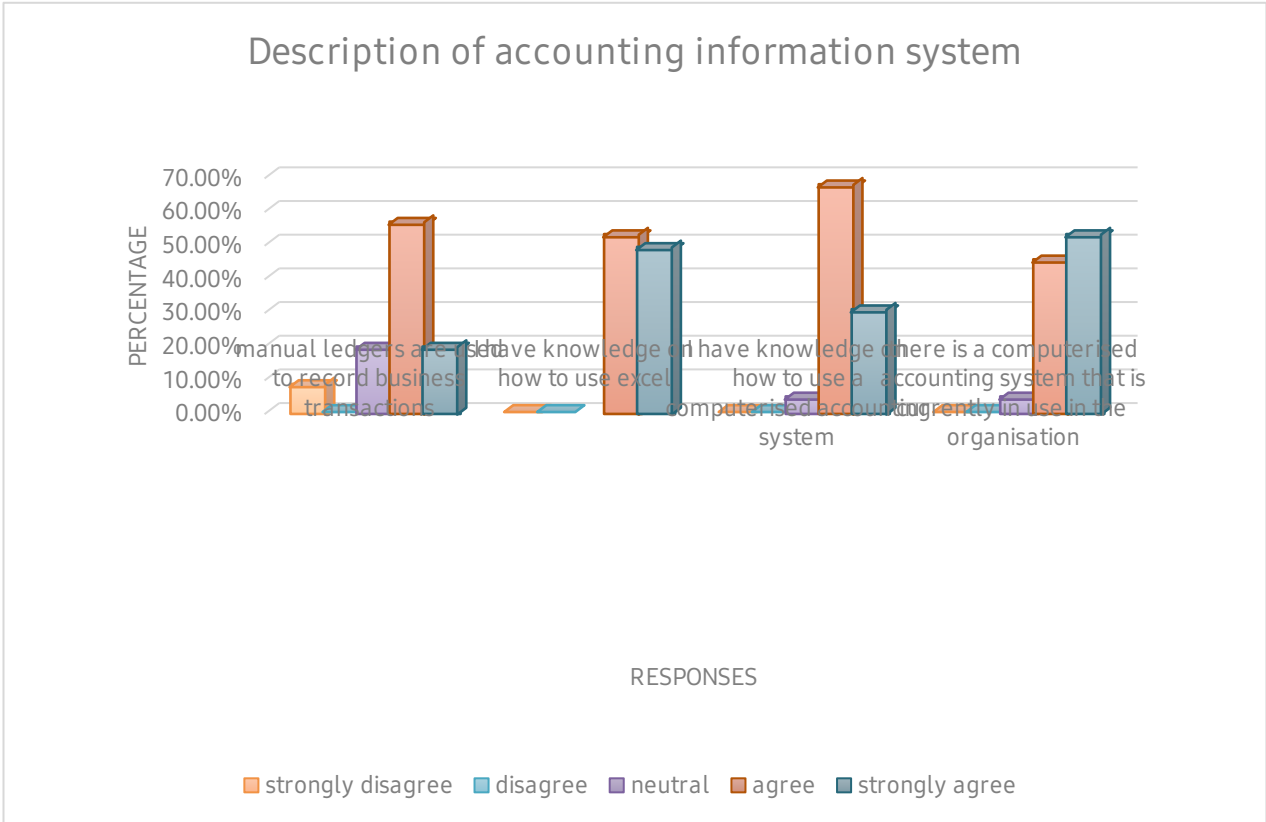


**Fig 4.4 Years in service**

Source: Primary

#### **4.3 Description of the accounting information system.**

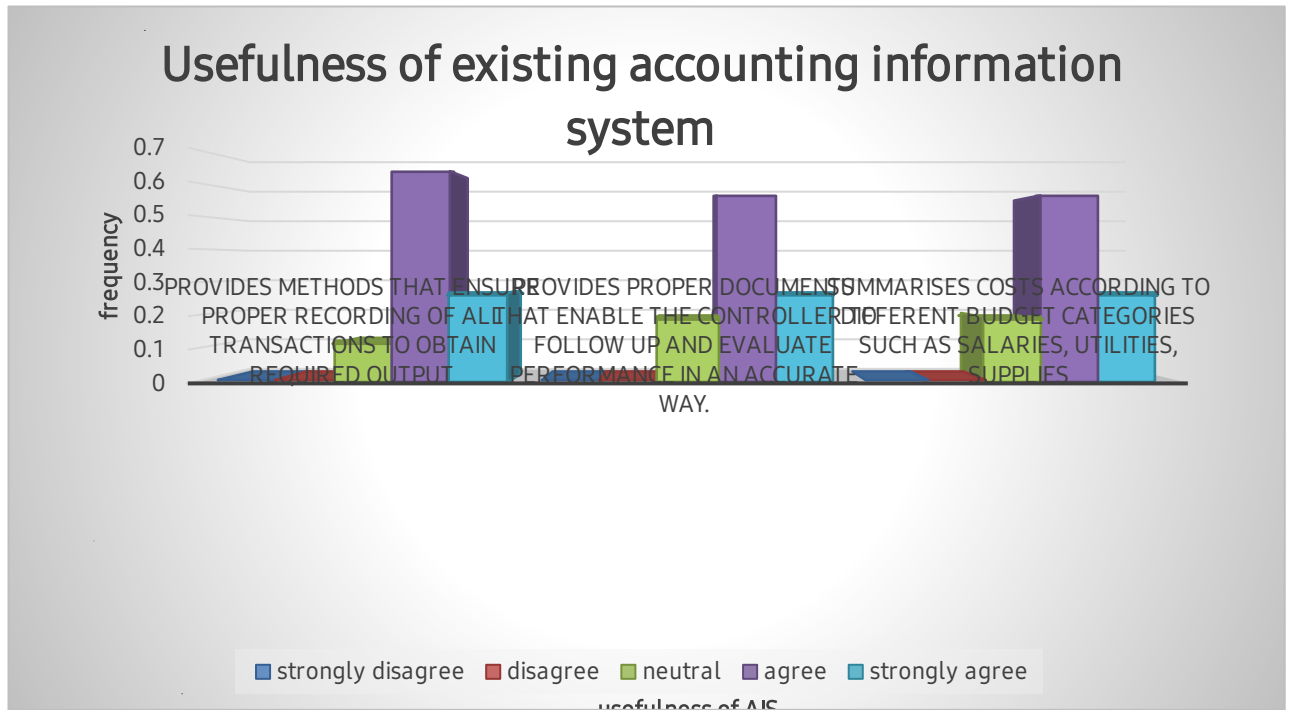
In an attempt to determine the structure of the accounting information system, questions were asked in line with that. A larger percentage of the respondents agreed to the fact that manual ledgers are used in the recording of transactions and also 96% agreed that a computerised accounting system was in use also. From these responses it can then be established that the system used in NRZ to record, store and communicate accounting information is a combined system. According to Chenhall (2003), different designs of AIS support different organizational strategies which increase the organization financial performance. It was also necessary to find out if the respondents had the ability to make use of the available systems in order to establish if the employees can transfer their academic knowledge of accounting information systems to practise. 3.7% of the respondents were neutral, 66.7% agreed and 29.6% strongly agreed, which means that it can be concluded that all the respondents have an idea on how to operate the computerised accounting system. Fig 4.3 below shows a summary of the findings discussed above.



**Fig 4.5 Description of accounting information system**

Source: Primary

**4.4 Usefulness of available accounting information system**



**Fig 4.6 Usefulness of AIS**

Source: Primary

The majority of the respondents agreed that the existing accounting information system provides methods that allow proper accounting. When transactions are properly recorded, it becomes easier to track performance and eliminate projects that would have proven to be less profitable. Evaluation and summarising of transactions is also enabled and it allows time saving and measurement of performance and costs in an accurate and effective manner. This implies that the accounting information system currently available is somewhat a useful tool in enhancing the performance of the organisation. The responses are summarised in Fig 4.4 above.

#### 4.5 Quality of output of the Accounting Information System

Accounting information systems depend on the quality of data, garbage in garbage

out is a result of poor data quality and according to Xu (2009), inaccurate and incomplete data may damage the competitiveness of a company and hence affecting financial performance. From the analysis conducted on the data collected on the quality of output, results show that in as much as most respondents agreed to a good quality of output, a certain percentage disagreed on some of the elements and most tended to be neutral. This can then imply that there might be a problem concerning the quality of information available to decision makers. Accounting information quality has an effect on financial performance and so AIS output ought to be reliable. Hafnawi (2001) stated that the accounting information system has to possess the following characteristics to be effective and efficient, these are accuracy, timeliness, must provide administration by necessary information to achieve control and evaluation of the economic activities, provide administration by necessary information that helps them in planning, provide administration by feedback and must be flexible to suit the environmental changes.

A KMO and Bartlett's test was carried out and this test signified the adequacy of given responses in line with the quality of output and the strength of the relationship between the variables. KMO measures the adequacy and the significant level is 0.5 and anything more than that is highly acceptable. In the table below, KMO level was 0.657 and so the responses given with regard to accounting information system quality of output is acceptable. Bartlett's test signifies the strength of relationship between the ability of the AIS to provide methods that ensure proper recording of transactions to obtain required output and the information quality as a means of enhancing financial performance.

**Table 4.2 KMO and Bartlett's Test<sup>a</sup>**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.657
Bartlett's Test of Sphericity	Approx. Chi-Square	28.026
	df	10
	Sig.	.002

**Table 4.2 KMO and Bartlett's Test<sup>a</sup>**

a. Only cases for which Provides methods that ensure proper recording of all transactions to obtain required output. = agree are used in the analysis phase.

Source: SPSS V16

According to Xu (2009), inaccurate and incomplete data may damage competitiveness of the firm hence affecting financial performance. They also found out that that input control and competent employees are important to data quality of accounting information system. Therefore, analysis of the data quality factor is then considered essential as this factor affects financial performance more. Analysis of variance between the independent variables and dependent variables was measured at a significant level of 0.05. If the value of the model is less than the level of significance (0.05) then the independent variables would be taken as having an impact of the dependent variable. If the quality of output of accounting information systems increases, then financial performance and competitiveness increases. The study can then conclude that accounting information systems have a significant impact on organizational effectiveness. If the value had been greater than 0.05 then the model was going to be insignificant and therefore the study cannot conclude that the independent variables have got a significant impact on the dependent variable.

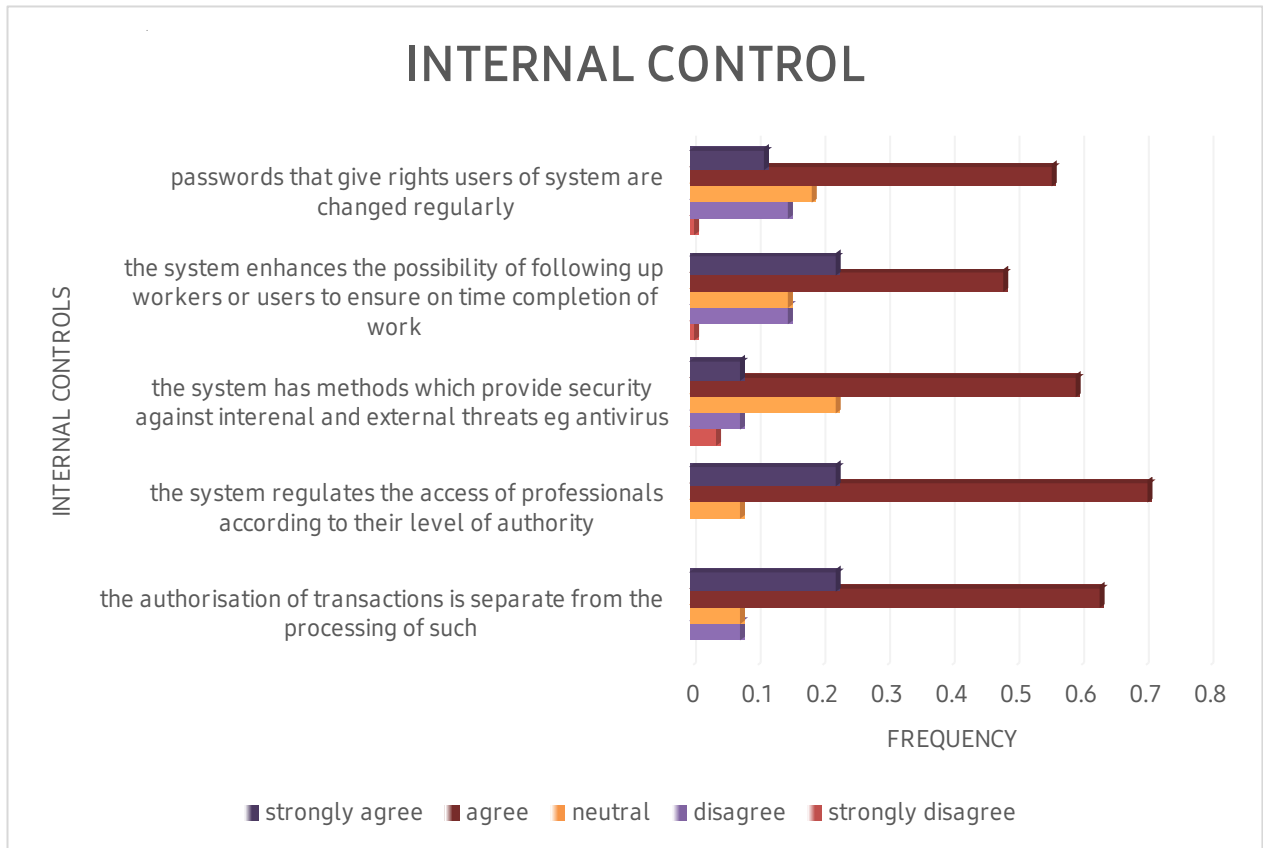
**Table 4.3 Coefficient matrix**

		quality 1	quality 2	quality 3	quality 4	quality 5
Sig. (1-tailed)	quality 1	1	0.092	0	0.009	0.449
	quality 2	0.092	1	0.068	0.001	0.278
	quality 3	0	0.068	1	0.009	0.429
	quality 4	0.009	0.001	0.009	1	0.5
	quality 5	0.449	0.278	0.429	0.5	1

Source: SPSS V16

#### **4.6 Internal control of the Accounting Information System**

More than 50% of the respondents agreed to the questions that intended to establish if the internal control of the accounting information system in NRZ was functioning as well as it should. This rate of response indicates that the control system is functioning fairly well. Toposh K. (2014) asserted that other qualitative characteristics of accounting information can also be maintained if there is sound internal control system in an organization. Internal controls are procedures set up to protect assets, ensure reliable accounting reports, promote efficiency and encourage adherence to company policies. Internal controls are essential to achieve some objectives like efficient financial performance. If good internal control exists in any organization, management can use information with greater reliance to maintain their business activities properly. But if internal control is not strong, management cannot achieve its goal. However, a certain percentage disagreed with some of the assumptions that were made concerning the information control system. This can be considered as a sign of possible loopholes in the internal control system. From interacting with some of the respondents, the researcher found out that there are some levels where there are no air tight internal controls which then explained the neutrality of most employees in responding. The information concerning the internal control of the accounting information system is shown in Fig 4.6 below.



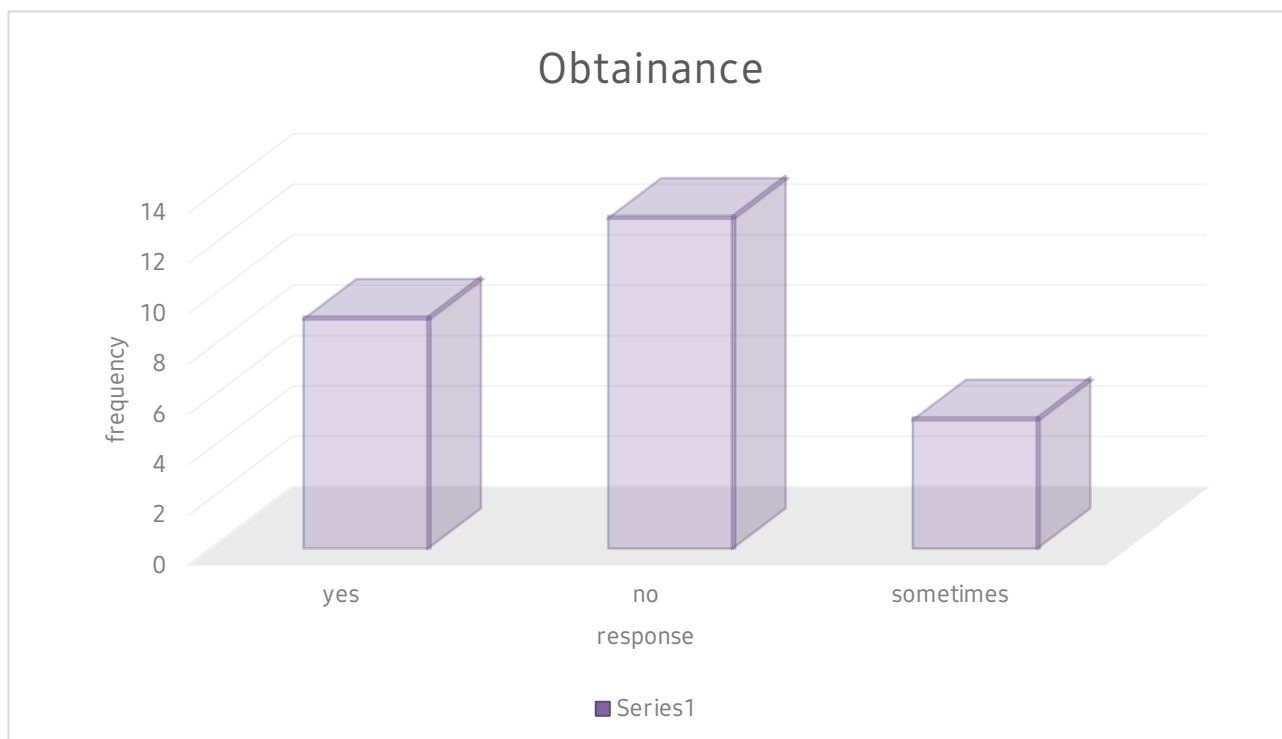
**Fig 4.7 Internal control of AIS**

Source: Primary

#### 4.7 Availability of source documents

Respondents were asked if there was any circumstance where invoices, vouchers and receipts cannot be obtained in transaction processing. The results are shown in Figure 4.5 below.





**Figure 4.8 Availability of source documents**

Source: Primary

33.3% of the respondents confirmed that source documents go missing and it was mostly due to misfiling, delay of instant decision making and some cannot be obtained because they would have been lost whilst in transit. 48.1% denied the unavailability of documents when they are needed which means that some departments are careful with all documents and they are filed and kept in place. These respondents indicated that if such documents cannot be obtained then the transactions become a non-event. The 18.5% remaining indicated that sometimes these documents are not available when they are needed. Therefore, it can then mean that not enough diligence is being exercised in maintaining all documents for accountability which indicates a problem in some parts of the accounting information system.

#### **4.8 Summary**

The chapter aimed to discuss the result of gathered information about the respondents, the departments they work in, and the key elements of the study, financial performance, the accounting information system, its usefulness, quality of output for decision making and the internal control that guides the use of such. Discussions about the finding were analysed using SPSS V16 and results were displayed using charts and graphs.

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter consists of a brief summary of findings that were obtained. It also presents the deduced conclusions and offers recommendations on how to improve the present situation. The research implications are discussed and suggestions of opportunities for further research presented.

#### 5.1 Summary of findings

The aim of the study was to consider the use of accounting information systems as a means of enhancing financial performance in National Railways of Zimbabwe. The study measured the effectiveness of the accounting information systems based on the various dimensions, including, system quality, information quality, service quality, system use, user satisfaction and net benefits of the system as a whole.

The findings of the study indicated that the accounting information system used in the National Railways of Zimbabwe is functioning as well as expected. The researcher evaluated various characteristics of an information system. These characteristics included ease of use, system flexibility, system reliability, ease of learning, as well as system features of intuitiveness, sophistication, flexibility, and response times. The findings further indicated that the quality of information was guaranteed. The results indicated that the outputs from the accounting information system were clear, accurate, and timely. The results of the study indicated that staff are utilizing the knowledge of AIS to a lesser extent. This was a result of the lack of knowledge of the practical aspect of making use of the computerised system. The research indicated that most staff only had basic knowledge on how to use the system and only a few higher level individuals could interact well with the system without facing problems.

The study sought the challenges faced when using the accounting information systems. The findings indicated that the major challenges were lack of proper training and lack of proper system documentation as some of the challenges they

face. Further, the results also indicated that the internal control of the AIS was intact except the part where passwords of some were not being changed regularly which increases the risk of hacking and having unauthorised individuals getting information that is confidential. If the quality of output of accounting information systems increases, then financial performance and competitiveness increases. The study then concluded that accounting information systems have a significant impact on organizational effectiveness and financial performance.

The findings of this study indicate that AIS is an important mechanism of an organization that is vital for effective management decision-making and controlling organization. The results are consistent with empirical reviews which indicated that accounting information systems are indeed an effective tool in enhancing financial performance. The findings also indicate that an effective AIS increase system integration and improve internal communications throughout the organization. The top management team with various planning and management information system influences on strategic performance of the organization. When the controls are used properly there will be better operating effectiveness and efficiency which will result in better financial information reliability. Adequate accounting information is essential for every effective decision making process and adequate information is possible if accounting information systems are run efficiently and also, efficient accounting information systems ensures that all levels of management get sufficient, adequate, relevant and true information for planning and controlling activities of the business organization.

## **5.2 Conclusions**

Accounting information systems are critical in the production of quality information on a timely basis and the communication of that information to the decision makers. This study has shown that accounting information systems are indeed a useful tool in enhancing financial performance in this organisation. From the generalisation of results, measuring research questions based on the opinion of the respondents, accounting information system was found to be an important tool in enhancing an organisation's financial performance through collection, storage and processing of financial and accounting data to be evaluated by its impacts on the improvement of decision making process, quality accounting information, performance evaluations,

internal controls and facilitating company's transactions.

Accounting information system in National Railways of Zimbabwe is to a greater extent giving sufficient knowledge of all financial activities for effective decision making. Accounting information holds the crucial role in substantiating the economic decisions offering the possibility of an accurate representation of economic phenomena and process. The users of accounting information act, operate and make decisions constantly by using and understanding the accounting information produced by available accounting information systems. The flow of reliable information is very crucial to the growth of the company. Financial performance has a key role to play in improving overall value of an organisation. Prior researches have shown that accounting information system adoption does increase the firm's profitability and efficiency of operations. The biggest impact information technology has made on accounting is the ability of companies to develop and use computerised systems to track and record financial transactions.

Others indicated that firm performance drops just after the implementation of AIS taking so many years to realize the benefit. However, recent researches provides evidences that human resources are considered important part in success of accounting information system (Luna-Arocas and Camps,2012). Human resources affect organization performance, they are the main part of accounting information as they are involving in data entry, processing and output., therefore, human resources are likely to be the sources of sustained competitive advantage. Other researches shows no clear relationship exist between accounting information system and performance indicators. Therefore, since NRZ has already implemented these systems it should train all their staff on the effectiveness use of the system most especially the computerised system however, if the company is able to adjust their computerized techniques of internal control mechanism according to AIS, they will be able to ensure the reliability of financial information processing and boost the control measures of effectiveness of the financial information reliability. When the controls are used properly there will be better operating effectiveness and efficiency which will result in better financial information reliability. Adequate accounting information is essential for every effective decision making process and adequate information is possible if accounting information systems are run efficiently and also,

efficient accounting information systems ensures that all levels of management get sufficient, adequate, relevant and true information for planning and controlling activities of the business organization.

Like all empirical studies, the present research also has its own limitations due to the methodology employed. Use of questionnaires to collect data always has its limitations since responses could be biased because common method used for collections of all data. Although extensive care has been given when the questionnaire was designed and pilot study refined the questions, still the criticism of the method cannot be completely ignored and should be taken into account. Despite the above limitations, this research has provided useful results in paving the way for future research in this area

### **5.3 Recommendations**

#### **5.3.1 Utilisation of computer systems knowledge**

Accounting units should utilize the utmost benefit of related knowledge based on computer systems so that relevant financial reports to the informational needs of each authorized sections would be clear, understandable and reliable in the best possible way.

#### **5.3.2 Evaluation of accounting policies**

Management should evaluate accounting policies which are used in the company and they should be revised according to the principal and standard for giving more useful accounting information systems. Manual ledgers, spreadsheets and hand written vouchers should be translated into computer systems that can quickly present individual transactions into financial reports quickly and easily.

#### **5.3.3 Improvement of AIS knowledge**

Management should improve its knowledge about accounting information systems and financial analysis.

#### **5.3.4 Consideration of the role of AIS as an important tool**

Management should pay utmost attention to the role of accounting information system in better understanding of financial dimensions of development as one of the

important tools of decision making and planning.

#### **5.4 Future research**

This research focused more on the use of accounting information systems as a means of enhancing financial performance in National Railways of Zimbabwe. For this reason, and in view of the scarcity of studies on the subject most especially in the Zimbabwean transport companies' context, I recommend the following avenues for further research

▣ Analysis of the impact of accounting information systems on overall organisational effectiveness.

▣ Evaluation of efficiency of accounting information systems with internal control in relationship to human resources, ERP, accounts receivables, accounts payable and cash management.

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## APPENDIX I

This questionnaire is part of a research to understand and assess the use of accounting information systems as a tool to enhance financial performance. This is in partial fulfilment of my studies towards a Master of Commerce Degree in Professional Accounting and Corporate Governance GRAD ICSAZ, so your responses will enable me to have a clear understanding of the area under study.

Kindly answer all questions in the spaces provided but if you also wish to add more information or comments please feel free to do so. The researcher guarantees you that the information you will provide will be treated in the strictest confidence. Do not include your name on the questionnaire.

The answers you will give will be used solely for academic purposes only. Your cooperation is greatly appreciated.

Mrs Isabel Matambo

Supervised by Mr C Phiri



**Section B**

Indicate the extent to which you agree with the below statements by ticking in the 5 point Likert scale provided.

7. Description of your organisation’s accounting information system

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a) Manual ledgers e.g. general ledger, cash disbursement ledger etc., are used to record transactions.					
b) I have knowledge on how to use excel.					
c) I have knowledge on how to use a computerised accounting system.					
d) There is a computerised accounting system that is currently in use in the organisation.					

8. Usefulness of the available Accounting Information System.

	Strongly Disagree	Disagree	<i>Neutral</i>	Agree	Strongly agree
a) Provides methods that ensure proper recording of all transactions to obtain required output.					

b) Provides proper documents that enable the controller to follow up and evaluate performance in an accurate way.					
c) Summarises costs according to different budget categories such as salaries, utilities ,supplies etc.					

#### 11. Quality of the output of the Accounting Information System

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b><i>Neutral</i></b>	<b>Agree</b>	<b>Strongly Agree</b>
a) Increases the accuracy and reliability of information provided to decision makers and decreases errors					
b) Contributes to the improvement of the feedback provided to management for decision making.					
c) Offers the possibility of comparing the financial performance of the company with itself.					
d) Improves timing of providing sufficient information and knowledge to					

management for effective decision making.					
e) Improves the ability of understanding information provided for planning and decision making.					

12. The internal control of the Accounting Information System.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Disagree
i) The authorisation of transactions is separate from the processing of such.					
ii) The system regulates the access of professionals according to their level of authority.					
iii) The system has methods which provide security against internal and external threats e.g. antivirus for computer software.					
iv) The system enhances the possibility of following up workers or users to ensure					

proper on time completion of work.					
v) Passwords that give rights to users of the system are changed regularly.					

13. Are there any circumstances in which invoices, vouchers or receipts cannot be obtained?

.....



APPENDIX II CONSENT LETTER

7 April 2023

The Principal

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

Dear Respondent

**RE: APPLICATION TO SEEK AUTHORITY TO CARRY OUT RESEARCH AT YOUR ORGANIZATION**

My name is Isabel Mpofu Matambo, I am final year student at Great Zimbabwe University studying towards a Master of Commerce Degree in Professional Accounting and Corporate Governance GRAD ICSAZ. As part of my academic work I am conducting a research on **“Accounting Information Systems as a means of enhancing financial performance”** and your organization has been selected to participate in the research. The information you will provide will be used for academic purposes only and will be treated as private and with high level of confidentiality and will not be reviewed and displayed anywhere else. Completion and return of the questionnaire will indicate your willingness to participate in this study. If you require additional information or have questions, please contact me on +263 775 139 548 or email at mnonceba0@gmail.com.

Thank you in advance for your time and cooperation.

Yours Sincerely

Isabel Mpofu Matambo

Signature.....

