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Abstract

Purpose: The purpose of this study was to investigating the contribution of accounting information systems on organizational performance in faith –based institutions. A case of St. Theresa Business & Technology Training Institute.

Methods: Descriptive research design was used and sample of 48 respondents obtained from the following departments; Finance, Human Resource, Operations, Academic, Catering and Hospitality and Procurement & supplies. During the study, data was collected from the respondents using questionnaires. Data analysis was done using Microsoft excel computer packages and information was presented through bar charts, tables and pie charts.

Results: The findings of the research indicated that accounting information systems had a contribution on organizational performance in Faith –Based institutions and St. Theresa Business & Technology Training Institute in particular.

Unique contribution to theory, practice and policy: Accounting information systems are critical to the production of quality accounting information on a timely basis and the communication of that information to the decision makers and therefore organizations should adopt this approach for improved performance.

Key words: *Accounting information systems, organizational performance, Faith–Based institutions*

1.0 INTRODUCTION

1.1 Background of the Study

An accounting information system (AIS) 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 analysis, managers, chief financial officers (CFOs), auditors and regulatory and tax agencies. Enterprise resource planning (ERP) is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources. (Dhinaharan. 2013).

In early 1920s, the first outsourcing agreement was signed by British Petroleum with Accenture. Ever since, the accounting started changing its meaning within the organization, turning from the

bookkeeping function to the management strategic and decision – making support function. The technological evolution gave birth in the late 80s to ERP (enterprise Resource Planning) systems, used to incorporate and connect various organizational functions (accounting, Asset management etc) (Ziemba and Oblak 2013).

Technology evolves rapidly as for responding to customers demand (Weiβ and Leimeister, 2012) from a business perspective, more and more organizations acknowledge the fact that organizations may support process optimization in terms of cost, lead time and involved resources. The actual market context is driving organization to continuously search for new ways to optimize their processes and increase their financial indicators (Christausk and Miseviciene. 2012).

1.1.1 Faith Based Institutions

A Faith-based organization is an organization whose values are based on faith and/or beliefs, which has a mission based on social values of the particular faith, and which most often draws its activists (leaders, staff, volunteers) from a particular faith group. The faith to which the organization is relating to does not have to be academically classified as religion. The term "faith-based organization" is more inclusive than the term "religious organization" as it refers also to the non-congregation faith beliefs.

Faith-based organizations are grass-root organizations active locally but also on an international scale. Their funding comes from member donations, but they are also eligible for state or international grants. Currently, this terminology is widely used in governmental, inter-governmental, and non-governmental settings. World Bank prepared a list of international faith-based organizations.

According to Hunt and Carper (1996), “Many of these religious colleges and universities have continued to the present time, and, indeed, a cursory review of one of the many descriptive catalogs on colleges and universities will reveal that approximately one third of the higher education institutions in the United States still claim to have some religious affiliation” (p. 2). In a pattern similar to the founding of these other religiously-affiliated institutions, the first Muslim institution recently received regional accreditation, reflecting the increase in the Muslim population in America (Zaytuna Website, 2015).

Interestingly, the thesis that renewal of the human spirit or spiritual transformation is directly related to addressing the ills of globalization, championed by both Groody (2007) and Goudzwaard et al. (2007), has deep roots dating back to the writings and teachings of Pierre Teilhard de Chardin. Groody (2007) recounted Chardin’s vision of the transformation of the whole world, which preceded his writing “The Mass of the World” (p. 233) and noted that “such a vision, in light of globalization, sees the current historical developments as part of a spiritual evolution by which the world is gradually transformed into Christ” (p. 234).

1.2 Problem Statement

Accounting information systems resolve many of above issues. AISs can support an automation of processing large amount of data and produce timely and accuracy of information. Today, accounting information systems are more commonly sold as prebuilt software packages from large vendors where it is configured and customized to match the organization’s business processes. (Cragg. 2002).

Traditionally, accounting is purely based on manual approach. Experience and skillfulness of an individual accountant are critical in accounting processes. Even using the manual approach can be ineffective and inefficient. Early accounting information systems were designed for payroll functions in 1970s. Initially, accounting information systems were predominantly developed "in-house" as legacy systems. Such solutions were expensive to develop and difficult to maintain. Therefore, many accounting practitioners preferred the manual approach rather than computer-based. (P. Marriot 2008).

Looking back years ago, most organizations, even larger ones, hire outside consultants, either from the software publisher or consultants who understand the organization and who work to help select and implement the ideal configuration, taking all components into consideration with this approach it was appropriate to incorporate Accounting Information Systems in the organization for enhanced performance (Herman, 2009).

There was therefore a need to address the contribution of AIS on organizations' performance; the highlight was to help the organizations adopt the system for better achievement of goals and objectives.

1.3 Specific Objectives

i. To establish the contribution of the Data management on organizations' performance in Faith –Based institutions
ii. To find out whether Relationships across Departments plays a role on organizations' performance in Faith –Based institutions
iii. To investigate the influence of technology on organizations' performance in Faith –Based institutions
iv. To examine the effect of Internal Controls on organizations' performance in Faith –Based institutions

2.0 LITERATURE REVIEW

2.1 Goal setting theory

The theory had been proposed by Edwin Locke in the year 1968. This theory suggests that the individual goals established by an employee play an important role in motivating him for superior performance. This is because the employees keep following their goals. If these goals are not achieved, they either improve their performance or modify the goals and make them more realistic. In case the performance improves it will result in achievement of the performance management system aims (Salaman, 2005).

Goal setting involves the development of an action plan designed to motivate and guide a person or group toward a goal. Goal setting can be guided by goal-setting criteria (or rules) such as SMART criteria. Goal setting is a major component of personal-development and management literature.

2.2 Goal–performance relationship

Locke and colleagues (2011) examined the behavioral effects of goal-setting, concluding that 90% of laboratory and field studies involving specific and challenging goals led to higher performance than did easy or no goals.

Locke and Latham (2006) argue that it is not sufficient to urge employees to "do their best". "Doing one's best" has no external referent, which makes it useless in eliciting specific behavior. To elicit some specific form of behavior from another person, it is important that this person has a clear view of what is expected from him/her. A goal is thereby of vital importance because it helps an individual to focus his or her efforts in a specified direction. In other words, goals canalize behavior.

2.3 Expectancy theory

This theory had been proposed by Victor Vroom in 1964 it is based on the hypothesis that individuals adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The individuals modify their behavior in such a way which is most likely to lead them to attain these goals. This theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Salaman et al, 2005).

Expectancy theory (or expectancy theory of motivation) proposes an individual will behave or act in a certain way because they are motivated to select a specific behavior over other behaviors due to what they expect the result of that selected behavior will be. Expectancy theory is about the mental processes regarding choice, or choosing. It explains the processes that an individual undergoes to make choices. In the study of organizational behaviour, expectancy theory is a motivation theory first proposed by Victor Vroom of the Yale School of Management. "This theory emphasizes the needs for organizations to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients.

Expectancy theory has three components: expectancy, instrumentality, and valence. Expectancy: effort → performance (E→P), Instrumentality: performance → outcome (P→O), Valence: V(R) outcome → reward. Expectancy: effort → performance (E→P): Expectancy is the belief that one's effort (E) will result in attainment of desired performance (P) goals. Self-efficacy – the person's belief about their ability to successfully perform a particular behavior.

2.4 Accounting Information Systems

2.4.1 Data Management

Data management is the development and execution of architectures, policies, practices and procedures in order to manage the information lifecycle needs of an enterprise in an effective manner. An accounting information system must have a database structure to store information. This database structure is typically structured with query language that allows for table and data manipulation. An accounting information system has numerous fields to input data as well as edit previously stored data.

2.4.2 Relationships across Departments

Competition today punishes companies that make episodic improvements in key processes. Continually improving performance is what matters and that can only happen with teamwork across functional and company boundaries. A company must get its sales, marketing, research and development, operations, and even customers and suppliers to work together. (Lawrence, P.R., Lorsch, J.W., 2007).

2.4.3 Technology

Technology can be the knowledge of techniques, processes, and the like, or it can be embedded in machines, computers, devices, and factories, which can be operated by individuals without detailed knowledge of the workings of such things. Mannix, Loretta H (2005).

Technology proved once again responsive to the market's demand, and thus accounting software easily customizable for each client's particularities regarding the activity profile. Accounting practices and chart of accounts were built as for supporting the automation of accounting process. With the automation of the process, implementation of certain controls was also required as for ensuring the correctness and completeness of reported information (Stratton, Julius Adams 2005).

2.4.4 Internal Controls

An integral part of accounting information systems relates to internal controls. Policies and procedures can be placed within the system to ensure that sensitive customer; vendor and business information is maintained within a company. Through the use of physical access denial, log in requirements, access logs, authorization and segregation of duties, users can be limited to only the relevant information necessary to perform their business function.(Holly Hayes. 2010).

The internal controls of an AIS are the security measures it contains to protect sensitive data. These can be as simple as passwords or as complex as biometric identification. An AIS must have internal controls to protect against unauthorized computer access and to limit access to authorized users which includes some users inside the company. It must also prevent unauthorized file access by individuals who are allowed to access only select parts of the system. (Eric Naiburg 2012).

2.5 Empirical literature

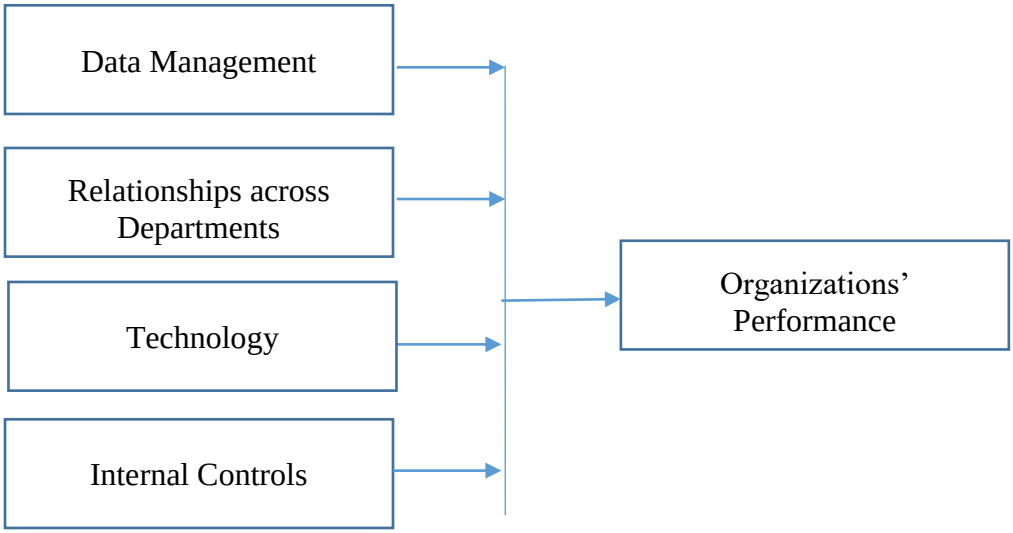
According to Pandey (2008) as a basis for judging performance, budgeted activity is generally regarded as more appropriate than historical or industry data. The major drawback of using historical data is that inefficiencies in the past performance may be concealed and allowed to continue. Also, changes in economic conditions technology, competition, and personnel make comparisons of present with past performance invalid. Budgeted data are more realistic for performance evaluation because the benchmark minimizes the carry-over of past inefficiencies and reflect changes pertaining to the current period.

Goodwin (2003) goes ahead to state that performance comprises of the actual output or results of an organization as measured against its intended outputs or objectives. Performance improvement is measuring the output of a particular business process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. Performance improvement can be applied to either individual performance such as an athlete or organizational performance such as a racing team or a commercial business.

Franklin, Ursula (2009) Indicated that Acceptance of technology was widespread and had come about gradually. The respondents indicated that they had gone through several stages of acceptance, from the first contact with the machine, when they were hesitant, fearful and rather suspicious, to gradual acceptance that continued to a point where it became unthinkable for them to go backward. Technology became an integral part of the working environment. This

acceptance of new technologies by the different groups of actors represented a definite advantage for the City.

2.6 Conceptual framework



Independent Variables **Dependent Variable**

3.0 RESEARCH METHODOLOGY

The study adopted a descriptive survey design in investigating Census technique was employed in selecting the 48 participants in the study. The researcher used questionnaires to collect Data from St. Theresa Business & Technology Training Institute. The questionnaires were distributed by the researcher to all categories of respondents in order to provide answers to questionnaires and later were collected for analysis. The data collected from the research study was cleaned up. Descriptive statistics was used to analyze the data by way of percentage and proportions for all the variables in the questionnaire. Data collected from the study was organized, classified, edited, coded and analyzed by use of percentages and frequencies and then presented in tables, graphs and pie charts.

4.0 DATA ANALYSIS AND PRESENTATION

4.1: Response Rate

The target population of this study was all employees of St. Theresa Business & Technology Training Institute. A total of 30 respondents were considered for the study though the researcher response rate of participants which the researcher found significant for the study was 28 respondents who successfully filled the questionnaires.

Table 1 Response Rate

Response rate	Frequency.	Percentage (%)
Responded.	44	91.7%
Did Not respond.	4	8.3%
Totals	48	100%

4.2 Age

The study covered respondents from ages of below 25 years to over 55 years with young respondents covering the lower age bracket of ages below 25 years. The data analysis results are presented in pie chart below.

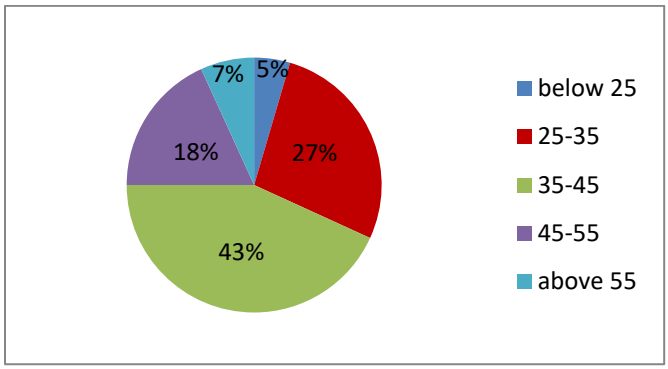


Figure 1: Source (Researcher 2017)

From the above chart, the study found that the biggest populations of all the respondents were aged between 35-45 years and represented 43.2% of the population, followed by those between ages 25-35 years and represented 27.3% of the population while between 45-55 years bracket represented 18.2% of the total population, above 55 years represented 6.8% and below 25 years represented 4.5% of the entire population.

4.3 Gender

This study sought to establish the gender of the respondents. The information gathered was necessary to establish the nature and characteristics of the gender involved in the study. The data analysis results are presented in the table below.

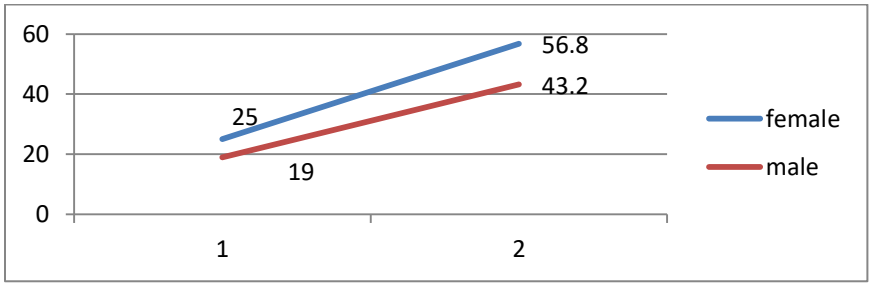


Figure 2: Source (Researcher 2017)

From the above table, it is evident that a population of 44 respondents was considered, out of which 56.8 % were female and 43.2 % of the populations were males. Therefore from the above findings female were found to represent the highest population of the study.

4.4 Years in the organization

Figure 3 illustrates that majority (46.2%) of the respondents had been working in the St. Theresa Business & Technology Training Institute for between 5-10 years. In addition, another 30.8% had worked for 10-15 years, those who had worked for 1- 5 years takes 15.4% and the least was 7.6% having worked above 15 years. This indicated that they had the knowledge and experience of their respective departments at St. Theresa Business & Technology Training Institute and therefore offered credible information towards the study.

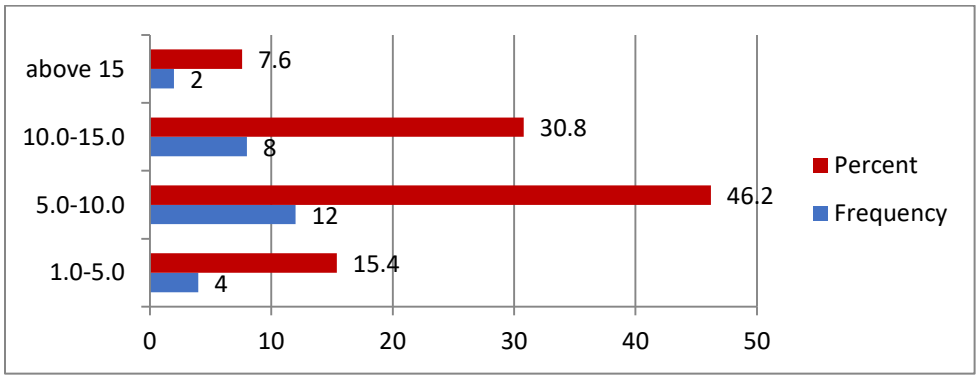


Figure 3: Source (Researcher 2017)

4.5 Level of education

From the research findings, it was found that majority of the respondents 25(56.8%) had undergraduate level of education, 16(36.4%) diploma and post graduate 3 (6.8%) as presented below. This was necessary to gauge the respondent's knowledge on Influence of AIS on organizations' performance.

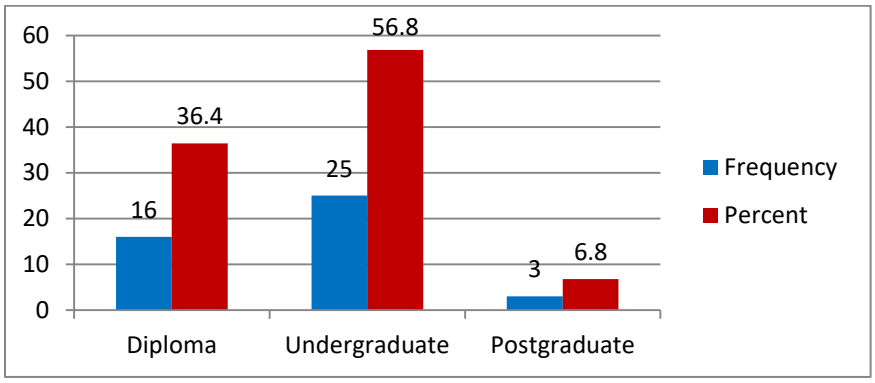


Figure 4. Source (Researcher 2017)

4.6 Accounting information System influence on performance

The researcher investigated on whether accounting information System has an influence on employees' performance and found that majority of the respondents 24(92.3%) stated a yes AIS influence their performance while 7 (7.7%) had a no opinion on its influence.

Table 2: Source (Researcher 2017)

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	42	92.3	92.3	92.3
no	2	7.7	7.7	100.0
Total	44	100.0	100.0	

4.7 Influence of AIS Parameters

The study investigation on how accounting information System parameters were rated on their influence on employees' performance, Data management 12(27.2%), Relationship across departments 9(20.5%), Internal controls 10(22.8%) and 2(4.5%) of the respondents stated that all the parameters to have an influence on organizations' performance as presented below.

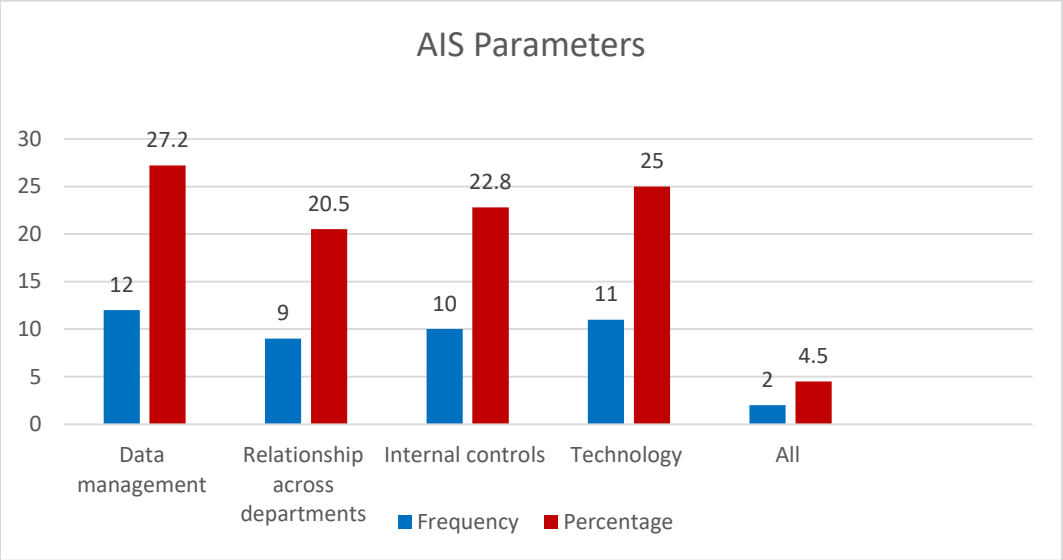


Figure 5: Source (Researcher 2017)

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

The aim of the study was to find out the contribution of Accounting Information Systems on the organizations' performance. The study measured the effectiveness of the Accounting Information Systems based on the various dimensions such as, Data management, Relationships across Departments, Technology and Internal Controls as parameters of the AIS. The findings of the study indicated that the AIS used in the organization are quality systems. The researcher evaluated various characteristics of an information system. The findings further indicated that AIS contribute to the success of individuals, groups, organizations, industries, and nations.

It was also found that AIS had a great contribution in liking the departments, data management, data production and internal controls. For AIS to be effective the findings highlighted that detective controls, corrective controls and preventive controls should be considered. It was established that Architectures, Policies practices and procedures had a contribution towards the organizations' performance in Faith –Based institutions in Kenya.

5.2 Conclusion

Accounting information systems are critical to the production of quality accounting information on a timely basis and the communication of that information to the decision makers. Existing literature offers evidence of the relationship between these AIS and organizations' Performance; though it is important to highlight that an in-depth study is required to examine other factors that may influence this relationship. The information value generated by AIS to shareholders and stakeholders in making investment decisions is invaluable. Financial managers need the financial and accounting data provided by AIS to evaluate the firm's past performance and to map future plans. This study showed that there is strong relationship between accounting information system and organizations' Performance, which means access to accounting information, will lead to improved performance. Therefore, it can be concluded that accounting information systems have a contribution on organizational performance in faith- based organizations in Kenya.

5.3 Recommendations for Further Study

Throughout working on this study, some suggestions concerning the expansion of the present study have arisen. First, in terms of data collection, I would suggest to collect data from different sources. This would include further case studies, interviews or face-to-face communication, and secondary data analysis. Secondly, I would suggest similar studies to be done in more organizations in order to compare the findings with the findings of this study. A survey would shed more light than just a case of a selected organization. Finally, a similar study could be carried out focusing on the contribution of accounting information systems in enhancing the organizational effectiveness. Similarly, a similar study could also be carried out focusing on factors influencing implementation of accounting information systems or even challenges faced during implementation of accounting information systems in the organizations in Kenya.

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