

**THE RELATONSHIP BETWEEN ACCOUNTING INFORMATION SYSTEM
AND HUMAN RESOURCE MANAGEMENT AMONG COMMERCIAL BANKS
IN KENYA**

By

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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This research project has been submitted for examination with our approval as the university supervisors.

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DEDICATION

I dedicate this research project to my colleagues Mr. Vincent Ogutu and Cecilia Mutava for their financial and moral support. Sincere gratitude also goes to my fiancée Sophia for her endless support.

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ABSTRACT

The study aim was to determine the relationship that exists between accounting information system and human resource management system among commercial banks in Kenya. All the 44 registered commercial banks were selected out of which 33 responded yielding 75% response rate. The respondents were selected purposely from each bank in Nairobi. Primary data was obtained through questionnaires which were well structured for the objectives of the study to be met. A cross sectional research design was put to use. Multiple regression model and correlation approaches were used to estimate the parameters. Data was analyzed using SPSS version 20. The data was presented using tables and figures for ease of clarity and reference. Studies on the relationship that exists between AIS and HRM among commercial banks in Kenya is scanty if not missing. The author used linear multiple regression to estimate the parameters. AIS was found to positively correlate with HRM among commercial banks in Kenya. The study findings are useful to decision-makers in commercial banks in Kenya given that results showed how AIS relates to the HRM system. The study also recommends that organizations, firms and organization ought to receive the utilization of AIS in light of the fact that satisfactory accounting system is fundamental for each successful process of decision making.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Accounting Information Systems (AIS) design (Kavanagh & Johnson, 2017) contributes to the Strategic success. Proper AIS designs promotes strategies of a business in various aspects that increases the performance of an organization. Increasing AIS investment is leverage for obtaining flexible and powerful corporate culture, this enables organizations to face persistent environment changes. Through innovation, a virtuous circle is usually created which enables an organization achieve better firm performance. Innovation also results to a reduction in organizational and financial shortcomings. Innovation also makes it for capital market to be accessed. The Financial transactions of a business or organization are frequently recorded using the AIS systems (Heizer, 2016). Strategies, controls, and accounting techniques among others are combined with AIS in order to affect the performance of an organization. Human resources should legitimately keep up the work force and finance records for employees, and additionally handle the many activities related with workers' terminations. In any case, the essential goal of the faculty work is to contract, prepare and utilize qualified individuals to do an organization's work.

AIS assume an imperative part in the accomplishment of operation of Commercial banks today in Kenya (Abdelhak et al., 2014). It gives benefit by providing data to the poor personnel in the Commercial banks on ways in which organization resources have to be managed. The management of commercial banks' human resources practices a vital part in enhancing performance, profitability, execution and organization survival. Through embracing the HR practices, it empowers the organization to attract, retain and motivate employees. AIS in commercial banks are relied upon to assume a focal part in Human

Resources Management through contracting, training, evaluation of performance and remuneration. In this way, if AIS gives opportune and precise data, the HRM will meet the objectives of an organization and business procedure which thus would improve the organizational performance.

This study is based on Innovation Adoption Theory and Adaptive Structuration Theory, according to Pearlson *et al.*, (2016) Innovation Adoption Theory argues that embracing of a novel idea is made possible through human interactions and interpersonal webs while the Adaptive Structuration Theory gives the standard basis whereby the interconnection between progressive information technologies, social frameworks, and human synergy is explained. The adoption AIS by Kenya commercial bank was to automate their human resource functions from the manual system as a unit (Kenya Commercial Bank, 2014). Therefore, the study focuses on identifying the relationship between AIS and HRM. This is believed to increase the functions of HRM by providing accurate, cost effective and timely information.

1.1.1 Accounting Information System (AIS)

AIS comprise the entire related segments which are assembled. The main purpose for this is to collect raw or ordinary data which is then changed into financial data in order to facilitate reporting by the decision makers (Adenike and Michael, 2016). Accounting Information System comprises of three words: Literature documents that accounting is distinguished into three segments: financial information source, information system, and business language. Secondly, it forms a basis by which decision making is made and

satisfying legitimate commitment given that information is an important data processing. Finally, system is a coordinated entity

AIS can be seen as equipment. It is consolidated into the field of IT frameworks. The main purpose for this is to help in the administration and control of themes associated with Organization' economic-financial area (Ismail and King, 2014). However, the odds of producing and employing accounting information from a vital perspective have been opened up by the innovation development that can be seen to be dazzling. To all organizations, either profit or nonprofit-oriented, AIS is imperative. AIS reinforce the accounting methods strategies and controls with the innovation of the IT business. This is done so as to give inward announcing information, track exchanges, outside detailing information, money related explanations, and pattern examination abilities. The effect of AIS is essential in dealing with realizing interior controls and dealing with an organization. A critical inquiry in accounting and management scope concerns the attack of AIS with organization requisites for data control and correspondence. Advantages of AIS can be judged by its effects on change of basic leadership process, performance nature, accounting information quality and inner controls.

1.1.2 Human Resources Management System

HR has an extraordinary life cycle in the just like as other regions of business and life. Instead of focusing on the organic parts of development, HRM framework comprises the stages employees face and the part Human asset goes up against amid those stages (Armstrong and Taylor, 2014). Each phase of the HRM has its own particular challenges, openings and advantages. In cases where your independent venture is facing unnecessary

worker turnover, it's feasible that the HR life cycle motivation phase needs consideration. One needs to address the evaluation stage in cases where the worker's aptitudes aren't enhanced. Ways of amending an issue need to be found in case there is a malfunction at any cycle phase. This will ensure that the worker and organization operations keep on going. It might appear to be overpowering however keeping sorted out is vital. HR directors look for help from upper administration inside the organization. These stages are taken care of inside, yet it's critical that all levels of chiefs know about these methods so everybody is in the best position for progress.

The HRM includes an organization deciding its work needs in accordance with its business strategy. HRM is a continuous business exercises set preparing operations related with viably dealing with the worker workforce, for example, Recruiting and enlisting new employees, preparing, work Assignment, remuneration, performance evaluation, release of workers because of deliberate or automatic end (Story, 2014). On other hand an association's HR administration movement incorporates the staff work, which is in charge of enlisting or laying-off representatives. Human resource should appropriately keep up the faculty and finance records for workers, and handle the many activities related with employees' terminations. In any case, the essential goal of the staff work is to contract, prepare and utilize qualified individuals to do an organization's work.

1.1.3 Accounting Information System and Human Resources Management System

AIS is primarily used by organizations to enhance strategic decision making. It provides data for both internal and external stakeholders to enable them make informed decisions.

Among the internal stake holders, includes the human resources management department.

A study carried out by Dr. Harendra Kariyawasam found out that there is particularly high relationship between AIS and HRM especially in strategic decisions pertaining to employee compensation and benefits, employee recruitment and retrenchment. The payroll cycle particularly acts as an interconnection between HRM and AIS. It captures information such as; recruitment of new employees, job assignment, training, remuneration, performance evaluation and employee termination. Payroll costs are allocated to each of those functions which is in turn linked to the accounting information system. These activities are normally divided between accounting information system and the HRM system in organizations. More especially, the compensation (payroll) can be under the purview of the AIS while the others are under the HRM. The employees of an organization are the most valuable assets though not recognized as such in the financial statements. The GAAPs states that unless human services have been consumed, they can't be measured. Consequently, some organizations are now having positions for a director of intellectual assets and are including in their reports. Human capital-knowledge possessed by employees and which can be upgraded and scholarly capital which is information caught and executed in decision support systems so that it can be shared. So that is where AIS comes in. Data collected is processed so that it can be useful to the intended users.

1.1.4 Commercial Banks in Kenya

The historical backdrop of Commercial Banks in Kenya can be traced to 1896. This is when its antecedent, the National Bank of India formally established a division in Mombasa (Ongore and Kusa, 2013). In 1904, the bank stretched out to Nairobi. At this time Nairobi had turned into central command of the extending railroad line to Uganda. In 1958 the banking sector witnessed major changes: Grindlays Bank converged with the National Bank of India. The banks were renamed to National and Grindlays Bank. The Government of Kenya procured National and Grindlays Bank 60% shareholding with an end goal to convey keeping money nearer to the greater part of Kenya. Kenyan government obtained 100% responsibility for bank's offers to take extensive supremacy of the biggest business bank in Kenya in 1970. The Government has throughout the years diminished its shareholding in Kenya Commercial Bank to 23%.

Kenya's banking industry is represented by the Banking Act, Companies Act, the CBK Act and different prudential rules issued by the CBK. The Banking Act (2015) characterizes a bank as an organization which goes ahead, or proposes to bear on banking business in Kenya and incorporates Co-agent Bank of Kenya yet does exclude the Central Bank of Kenya. According to the posting of the Central Bank of Kenya, there are 43 authorized business banks in Kenya, (CBK 2015). All these business banks are situated in Nairobi with branches in different parts of the nation and outside the nation. The vast majority of them are sorted as little to medium estimated privately possessed. The business is however commanded by vast banks a large portion of which are remote possessed however some are halfway privately claimed.

Kenya Commercial Bank has an automated human resource information system which was purchased in 1999, the software is known as prepay. The management information system is a unit within the human resource department in Kenya Commercial Bank Ltd, (Maranga, 2010). The human resource management information system within Kenya Commercial Bank Ltd, has several functions like record keeping, bio-data related to staff, information related to organizational structure, transition of staff, maintaining records related to staff compensation, information on training and development of staff within the organization, leave management and other functions related to staff information.

1.2 Research Problem

As of now, HR accounting information and AIS are the most noteworthy advancement in the realm of business. It influences the AIS, reduction of cost, the operational performance and customer service. As per Heizer (2016) human resource accounting information positively affects the AIS and furthermore HR accounting information has a fundamentally association with AIS advancement, reduction of cost and enhancing performance of organization. Accounting information framework is identified with administrative information, utilization of bookkeeping and evaluating company's consultancy, inside IT worker's advisors and company's size. Pearlson et al., (2016) likewise demonstrated that there is a positive relationship among the business banks that utilization. Accounting information framework for financial and bank administration and better measures of performance.

Today, information technology and an undeniably straightforward monetary part have turned out to be the driving force in commercial banks performance, strategies operations, structures, and execution. These powers cut crosswise over many bank ventures in Kenya to compel changes that have had critical financial and social effects on the authoritative viability (Qatawneh, 2013). Commercial banks management in Kenya depends vigorously on data produced from the AIS utilized by the banks. Quality reports are exceptionally key to touch base at a perfect venture. Conventional method for recording, condensing and revealing financial banks reports prompted less ideal choices. Interest in great and dependable accounting systems has turned into a noteworthy worry for all managers. Researchers to explore on the application and utilization of accounting system and in this way, its effect on the HRM cycle.

Worldwide, researchers have explored areas identified with AIS. Benfatto (2010) while considering on HR information system and HR performance, built up that, efficiencies made by innovation has enable the HR division to concentrate on vital issues and organizations utilize innovation to store best practices. Al-rabei et al., (2015) further, studied on Jordanian Islamic Banks; fundamentally the examination assessed the capacity of AIS in improving HR cycle of management. The outcomes demonstrated that AIS was found to decidedly associate with improving the HR cycle of management (i.e. contracting capacity, preparing capacity, execution assessment capacity, and remuneration work). Abdallah (2014) additionally did an exploration on the effect of AIS on financial statement nature submitted to the department of income and deals charge in Jordan. It was established that there an effect when utilizing the AIS on the money related proclamations nature submitted. Wairimu (2016) while examining the impact of HR accounting system on Kenya's banking industry performance, built up that selecting information system impact Kenya's banking industry performance. Samuel (2013) studied on the impact of AIS system on organizational effectiveness of automobile companies in Kenya. The study demonstrated that AIS are an important component for associations' compelling administration, controlling exercises, basic leadership and the results were predictable by survey observation. This showed that a connection amongst AIS and organization performance exists. An investigation on degree of selection of electronic human asset administration in Kenya Commercial Bank by Aruwa (2016) showed that Kenya Commercial Bank has expanded their online activity notices on online educational modules vitae databases, corporate sites, electronic applications, web work sheets, and corporate expertise databases among others.

Hence, just a couple of studies in Kenya concentrated on AIS and HR management cycle. This makes an appropriate avenue to fill the gap left by various researchers. Henceforth, the examination will concentrate on the parts of AIS in improving HR management cycle in business banks in Kenya which will prompt the inquiry; what is the relationship between accounting information system and human resources management among commercial banks Kenya?

1.3 Research Objective

The objective of this study is to determine the relationship between accounting information system and human resource management system among commercial banks in Kenya.

1.4 Specific Objectives

The specific objectives of this study are;

- 1) To determine the relationship between AIS and hiring function among commercial banks in Kenya
- 2) To determine the relationship between AIS and training function among commercial banks in Kenya
- 3) To determine the relationship among AIS and performance evaluation function among commercial banks in Kenya

1.5 Value of the Study

This study yields will be advantageous for commercial banks' decision- makers to profit by AIS in the HR administration since the outcomes will indicate how AIS identifies with

HRM framework. Further, the study is of key significance to the Commercial Banks and also different organizations in a similar part as far as deciding the advantages accumulating because of the mix of AIS in their operations. As far as upgrading organization effectiveness, this will empower Kenya Commercial Banks in gauging the model. The examination is valuable to a number of analysts intrigued by the issue under scrutiny. This is because the study has laid a platform through which similar studies can be embraced.

The theoretical premise about AIS fruitful reception measurement to firms can be obtained from the study. This will provide down to earth direction to bookkeeping data frameworks execution in various businesses and it would likewise give observational and useful commitments to organization in viably applying AIS in their activities.

Financial resources information, obligations are provided by AIS and enterprise activities. This is primarily intended for use by creditors, investors and the external decision makers. This study will provide viable data in making investment and credit decisions.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Review of the literature is comprehensively stated in this section. This is in relation to accounting information system and human resources management cycle as presented by various researchers. The theories underpinning the study are also provided.

2.2 Theoretical Review

The theories used are outlined. They give more details to the study on the relationship between AIS and HRM. The study will be guided by Innovation Adoption Theory and Adaptive Structuration Theory.

2.2.1 Innovation Adoption Theory

Undoubtedly, electronic Human Resource Management has been thoroughly scrutinized in various studies seeking to evaluate its various elements including embracing of novelty. Human Resource Management in a firm will encounter hitches in its operation if the electronic human resource management is not adopted properly (Wisdom *et al.*, 2014). Diffusion which goes past the dual-step flow assumptions, focusing on the factors that enhance or inhibit the chances of novelty, product or procedure that will be embraced by adjuncts of a given mindset. Embracing of novel ideas is occasioned by human synergy through social links. In case one person embraces an idea, and it's deliberated with two other persons, it's then passed to others, the resulting expansion is binomial. The diffusion of innovation premise forecasts that both the media and mutual associations offer information and affect sentiments and prudence.

Researching on how novelty develops, Sadik-Rozsnyai and Sadik-Rozsnyai (2016) asserted that four steps are involved: innovation, distribution, duration and the results. The information is channeled through linkages. The type of these networks and the part played by opinion shapers in the process is determinant as to whether the new invention will be embraced or not. The propagation of any novelty, either tangible products, procedures or theories has been equated to the dissipation of one fluid throughout another fluid till there is uniformity in mixing. According to Sadik-Rozsnyai and Sadik-Rozsnyai (2016), all individuals who come into contact with the new innovation must decide as to whether they will embrace or cast aside the new invention. To some individuals there is immediacy while others take time to examine the innovation before accepting it. Different evaluations of the various aspects of electronic Human Resource Management have been undertaken in a bid to understand it better with an exception of its adoption. The operation of Human Resource Management cannot be effected without hitches if the electronic human resource management is not adopted properly. The electronic human resource management has to be well adopted by the organization in order to boost its performance.

2.2.2 Adaptive Structuration Theory

In 1994, DeSanctis and Poole in came up with adaptive structure theory. According to the theory, information systems and organizations are interrelated. This theory is important to modern organizations because of the effects of technological advancements more so human-computer interaction aspect of Adaptive Structural Theory and the effects on sociobiological motivated structuration in security software applications (Schmitz et al., 2016). Adaptive Structural Theory proposes the prototypical through which the synergy

between progressive information technologies, social structures, and human cooperation is expounded, and which centers on the social frameworks, regulations, and resources made available by information technologies as the foundation for human activity. Adaptive Structural Theory considers organizations as networks of communication. Individuals can initiate a group through communication. The expectations of every member of the group are expressed and as soon as rules are set or the framework begins to emerge. The individuals become part of the group through accepting the laid down regulations. As interactions continue through communication, any apparent limitations become noticeable.

The members of these groups can alter the rules to conform to their desired objectives. As new members come in, new resources are acquired in solving challenges, changes in circumstances, the group tries to maintain its stability through changing its framework. Through this way, Adaptive Structural Theory reveals how groups can undergo transformations while maintaining stability. Assuredly, in the absence of communication, organizations will disappear. DeSanctis and Poole in their research embraced Giddens' theory on how firms and groups applied information technology and branded it Adaptation Structuration Theory. This theory is at logger heads with the primary application of technology rather stressing the social elements. Firms and groups making use of information technology actively develop views concerning over the part played and the usefulness of technology and the way of integrating it to their daily duties. These views differ from one group to another and have an effect on the manner in which the managing of human resources is embraced thus, its impact on Commercial Bank's organizational performance (Rains & Bonito, 2017).

2.3 Empirical Review

Toth, Z. (2012) did an examination on the present role of AIS, the investigation built up that, accounting programmes enables accountants' and financial managers' work. Despite the fact that their work has a pivotal significance for the undertaking, it is restricted to preparing tax returns and reports on the finance and budgets. It is feasible for the top management to view the financial and accounting indices and understand their importance through ERP systems.

Mishra and Akman (2010) additionally contemplated on IT in HRM. Among the 106 IT managers and professionals, the survey was conducted from different segments. The conclusions were that in organizations, IT is utilized widely to do HRM works in the dynamic economic of Turkey.

Qatawneh (2013) while contemplating on the role of HR information system on the AIS, a questionnaire was designed and dispersed to Jordanian companies societies that are listed in Amman stock exchange (ASE). The factual investigation showed that HR accounting system and AIS had a positive relationship. From the study, it was also evident that HR accounting system had a significantly statistical relationship with AIS development, cost reduction and aspect in the AIS, client benefit and lastly the aspect of improving the operational performance of the companies AIS.

Abdallah (2014) examining the impact of using AIS on the quality of financial statements submitted to the Income and sales tax department in Jordan. The population of the study included 50 accountants who were provided with questionnaires. Later all disseminated questionnaires were retrieved. To describe the answers, the researcher further used

descriptive statistics. Cronbach's alpha test was utilized to quantify the security of estimation instrument and furthermore basic direct relapse test was likewise used to test the theory of the examination. The investigation found that there was an effect when utilizing AIS on financial statements nature submitted to department of Income Tax and sales in Jordan

Samuel (2013) investigated the impact of AIS on organizational effectiveness of automobile companies in Kenya. For both qualitative and quantitative methods descriptive research method was employed. Both primary and secondary data were obtained whereby for primary data interviews and questionnaires were used. It was established that AIS are an essential mechanism for organizations' effective management, controlling activities and decision-making.

Atsanga (2013) did a study on the perception of effectiveness of HR information system in Kenya commercial bank ltd, Kenya. The objective populace comprised of all the 155 Branch Managers of Kenya Commercial Bank countrywide. Essential information was gotten utilizing a semi structured questionnaire. To analyze the data, descriptive statistics was used. The study found that HRM information enhanced information quality in Kenya Commercial Bank, The study revealed that branch managers support the functions of the human resource management information system in Kenya Commercial Bank Ltd The branch managers concurred that the adoption of the system was a success.

2.3.1 Hiring/Recruitment function

Hiring is the process through which work positions are filled. This is normally done in required number and right characteristics in order to meet to organizational objectives.

Many organizations have resorted to Internet-based worker applications or other AIS in HR management to hire new staff. (Prasad and Green, 2015). A notable merit for online applications is having knockout inquiries. They keep unsuitable people from proceeding to a greater extent through the representative application process thus saving on time and other resources. If for instance an organization wants a particular level of training, on worker applications a question on earned professional educations may show up. To get prospects for open positions, HR recruiters depended on print productions to post occupations prior to the Internet. Different strategies like organizing were additionally utilized. Innovation has made enlisting more proficient and, in the hands of the correct recruiters, more powerful also.

Worker printed material for new and existing contracts is frequently a tedious procedure. Innovation in HRM enables an organization to discover better approaches for dealing with printed material identifying with representative contracts and advantages (Laudon and Laudon, 2016). Intranet that all workers can access can be made by an organization while keeping in mind the end goal to audit current advantages, round out records or handle different assignments. However, organizations must ensure worker records are entirely secured. Though organizations normally have a specific storage spaces committed to this reason, many organizations now utilize applications that are Internet-based worker or other AIS in HRM for employing new workers. Technology frequently enables an organization to prevent robbery from payroll documents through comprised transfer methods.

2.3.2 Training function

Through providing far training and development, organizations can create and boost the nature of the ongoing employees. Research shows that helpful result level comes from collaboration, preparing workers in critical thinking and interpersonal relations (Story, 2014). Using AIS, new staff individuals are prepared proficiently by the HR experts. The necessity for trainers to work straightforwardly with contracts that are new is normally disposed by the capacity to get to organization data and programs from remote sections. Some association will dependably be important in some capacity, obviously, yet preparing in virtual classrooms makes it feasible for the HR experts to prepare an extensive number of workers rapidly and to survey their advance through automated testing programs

A framework by which organizations track and direct worker preparing and advancement endeavors is provided by AIS. This product can be purchased by organization and advertised as an arrangement that is separate (Ongore and Kusa, 2013). The most vital component of this training software entails backing the training employees' level, their abilities or capabilities. This allows sorting and displaying a number of books, courses, materials or addresses that are reasonable for web learning. Internet learning and testing of employees is an astounding reserve funds in time and cash, and gives a high adaptability.

2.3.3 Performance evaluation function

HR planning involves the procedure where organizations determine the staffing support they have to address, client requests and business issues (Susanto, 2016). Several

contemplations assortment affect this planning. This comprises advances, approaching retirements, changes in the condition that may require preparing for existing employees and accessibility of workers with specific abilities sets and innovative change results to upgraded performance management. So as to evaluate performance of employee, HR can put to use AIS. It can also be used to persuade worker input to be used for organization prosperity. Workers that fails to meet their expectations can be further trained or laid off and a substitute who can well carry out the activities ne made.

Organizations can screen the advancement of wanted employees' states of mind and practices using the Accounting Information frameworks (Givoly et al., 2017). AIS could be utilized for changing the determination and preparing practices to choose and create employees with the coveted practices and states of mind. Be that as it may, the adequacy of talented employees will be restricted unless they are persuaded to play out their occupations. Performance of management is imperative for each organization on the grounds that nonstop checking and assessment are basic when organization makes decisions about effectiveness of HRIS. It is additionally critical to acknowledge whether the goals are met and which section ought to make strides. The objective of this procedure isn't feedback however knowledge in potential updates and redesigns of the framework. This module contains highlights for checking framework exhibitions, which gives profitable data to the administration of the organization.

2.4 Conceptual Framework

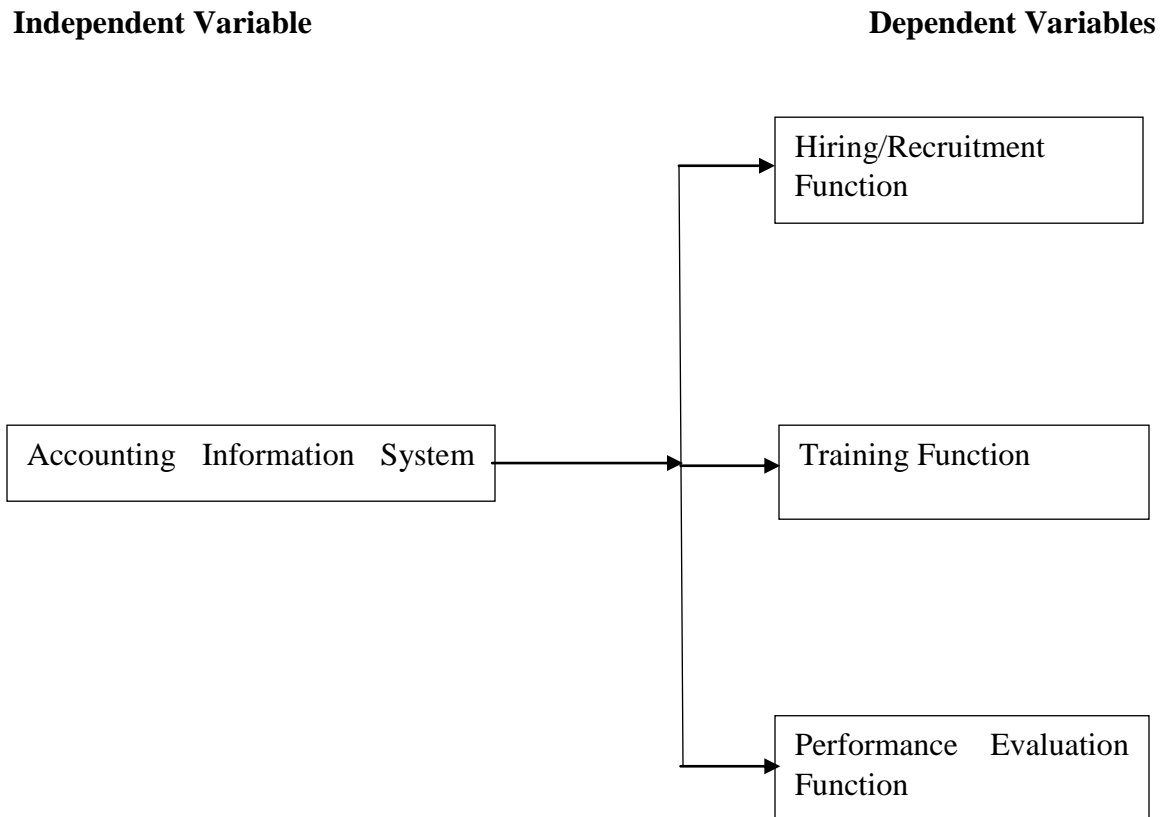
2.4.1 Introduction

From the review of literature the following conceptual framework was developed study sought to predict the relationship between accounting information system and human resources management system among commercial banks in Kenya.

2.4.2 The Conceptual Model

The model explains the relationship between dependent variable; human resource management system and the independent variable; accounting information system. The dependent variables HRM system are measured by the extent to which human resource management uses accounting information system to make HRM related strategic decisions. The independent variable accounting information system on the other hand is measured by the extent to which it is used in human resource management.

Figure 2.1: Conceptual Framework showing the relationship between variables



Source: Author (2017)

2.4.3 Statement of Hypotheses

H₁: There is a positive relationship between accounting information system and organization strategic decision making

H₂: There is a positive relationship between accounting information system and hiring function.

H₃: There is a positive relationship between accounting information system and training function.

H₄: There is a positive relationship between accounting information system and performance evaluation function.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research methodology followed in completing the study are detailed in this section. These include research design, target population and methods of data collection. The chapter further provides the methods of data analysis.

3.2 Research Design

Creswell and Clark (2015) define research design as a general blue-print for the collection, measurement and analysis of data. The main purpose for research design is to solve the research problem. Descriptive cross-sectional survey was used. This method enabled the researcher to describe the variables of interest characteristics. Given that the purpose of the study was to determine the relationship between accounting information system and human resources management among commercial banks in Kenya, descriptive design proves to be the most suited. Surveys are feasible in describing the characteristics of a large population.

3.3 Population of the Study

According to Kothari (2012), a population is a well-defined or set of elements, people, and events being investigated. According to a report by CBK (2016), there are 43 commercial banks which are fully registered. This study will focus on all 43 commercial banks which are fully registered by CBK as at 31 December 2016. This study uses census sampling method.

3.4 Data Collection

Semi- structured questionnaires were used for primary data collection. Through drop and pick later method, they were self-administered to the respective Human resources

managers or representatives from strategy/CEOs offices of the various banks. The questionnaire allows for more prominent consistency in the way questions are asked, guaranteeing more prominent similarity in the reactions. As per Cooper and Schindler (2011), the utilization of structures questionnaires enables consistency of reactions to questions; while unstructured questionnaires gives the respondent flexibility of reaction which causes the analyst to gauge the sentiments of the respondent. The questionnaire were in type of a five point Likert scale, whereby respondents were required to demonstrate their perspectives on a scale of 1 to 5. The use of a Likert scale was to aid in gauging the views of human resource personnel on the impact of accounting information systems. This perspective made it possible to obtain data on training, compensation and performance functions, which are key variables in this study.

3.5 Validity and Reliability

Before distributing the questionnaires to the respondents, the two university supervisors of the project were required to provide feedback on the validity of the items asked. According to Money, *et al* (2007), the reliability was tested. If the alpha values falls between 0.6 and 0.7, the reliability instrument are considered acceptable, and has higher reliability if it is above 0.7

3.6 Operationalization of Variables

This is the process of defining the variables into measurable factors. The study variables consist of the independent variable represented by using accounting information system while the dependent variables is the human resources management system represented by the hiring, training and performance evaluation functions. The accounting information system will be measured by the extent (percentage) to which it is used in making human

resources management related decisions in an organization. The dependent variables on the other hand which comprise the HRM functions will be measured by the number of employees hired, trained and evaluated by the help of AIS.

3.7 Data Analysis

The quantitative data was analysed with the help of Statistical Package for Social Sciences (SPSS) version 20. The findings are presented using tables, frequencies and percentages. Descriptive statistics was used to quantitatively describe the important features of the variables using: frequency, mean standard deviation. Multiple regressions was also used to measure the quantitative data which was analyzed using the SPSS. Regression was used in determining the relationship accounting information system has with human resources management among commercial banks in Kenya.

The relationship between the dependent variable and the independent variable is expressed using the functions below:

$$Y = f(X_1) \dots\dots\dots (i)$$

$$Y = f(X_2) \dots\dots\dots (ii)$$

$$Y = f(X_3) \dots\dots\dots (iii)$$

Where Y = Accounting Information System (measured by the extent to which AIS is used in HRM decision making process in percentage form)

X₁ = Hiring function (number of employees hired by use of (AIS)

X₂ = Training function (number of employees trained by the use of (AIS)

X₃ = Performance evaluation function (number of employees appraised by the use of AIS)

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The analyses and presentation of the study are documented in this chapter. The findings are presented using tables, frequencies and percentages. Correlation and regression analyses are also used. The section was guided by the study objective.

4.2 Analysis of Findings

The section presents the characteristics of respondents and the results presented in tabular form with respective frequencies and percentages.

4.2.1 Gender of the respondents

Table 4.1: Gender of the Respondents

Category	Frequency	Percentage
Male	21	64
Female	12	36
Total	33	100

Source: Author (2017)

The results in table 4.1 shows that most of the respondents were male with a percentage of 64% while the female were least with a percentage of 36% of the total 33.

4.2.2 Highest Level of Education Attained

Table 4.2: Highest level of education attained

Category	Frequency	Percentage
Certificate/Diploma	1	4
Degree	12	36
Professional	15	45
Masters	5	15
Total	33	100

Source: Author (2017)

The results in table 4.2 above shows that most respondents were professional holders (45%) while the degree holders in the banks were 36%. The study also indicated that the respondents with masters comprised 15% of the sample respondents while only 4% were certificate/diploma holders in the banks.

4.2.3 Number of Years worked in the Bank

Table 4.3: Number of years worked in the bank

Category	Frequency	Percentage
Less than 3 years	8	24
4 – 6 years	11	33
7 – 10 years	10	30
Over 10 years	4	13
Total	33	100

Source: Author (2017)

The results in table 4.3 above shows that most of the respondents had worked between 4-6 years (33%) while only 24% had worked for less than 3 years in the bank. The study also indicated that the respondents in the range of 10 years and above of working in the bank comprised 13% of the sample respondents.

4.3 Descriptive Statistics

The study used descriptive study design. Data was drawn from 33 registered banks by the Central Bank of Kenya. Using regression and correlation analysis data collected was analyzed. It was analyzed to determine whether or not a relationship exists between AIS and HRM system among commercial banks in Kenya.

4.3.1 Extent to which accounting information system is used in strategic decision making of a firm.

Table 4.4: Use of accounting information system in strategic decision making

Accounting Information System	N	Mean	Standard Deviation
The extent it is used in strategic decision making in the firm	33	4.52	0.655

Source: Author (2017)

From the above table, the respondents believed that AIS is significantly used in the strategic decision making of the bank (Mean = 4.52). This implies that proper utilization of accounting information system can significantly improve strategic decision making of commercial banks. Generally all the respondents tended to agree to a larger extent.

4.3.2 Extent to which accounting information system is used human resource management related strategic decision making

Table 4.5: Use of accounting information system in HRM related decisions

Use of AIS in HRM	N	Mean	Standard Deviation
Accounting information system is used in formation of human resources policies, processes and procedures	33	4.43	0.865
Accounting information system is used in employee recruitment related decisions	33	4.32	0.755
Accounting information system is used in employee training and development related decisions	33	4.23	0.728
Accounting information system is used in employee performance evaluation related decisions	33	3.82	0.643
Accounting information system is used in determining employee compensation and benefit related strategic decisions	33	4.38	0.826

Source: Author (2017)

The results in table 4.5 above showed that the respondents in the study believed that most attributes considered in the human resource management tends to use accounting

information system in their related decision making processes. A mean of 4.43 on the AIS on the formulation of HRM policies, processes and procedures which means that proper utilization of accounting information system can significantly improve on the human resource management related decision making processes. General all respondents tended to agree and strongly agree.

4.3.3 Extent to which accounting information system is used in hiring/ recruitment function

Table 4.6: Use of accounting information system in hiring function

Hiring/Recruitment	N	Mean	Standard Deviation
Recruitment determines the needs and requirements of the bank	33	4.2584	0.9152
Different accounting information systems are used to find new employees.	33	3.0958	1.3442
Technology in human resource management allows a company to find new ways of handling paperwork relating to employee hires and benefits	33	3.5966	1.2548
The use of an online enrollment system is common and beneficial	33	3.7042	1.1803
Technology often helps a company prevent theft from payroll documents through comprised transfer methods.	33	3.6257	1.3254

Source: Author (2017)

The results in the table 4.6 above signifies that respondents believe that accounting information system plays a major role in hiring of employees in commercial banks. Most banks on average used accounting information system in recruitment of their employees (Mean = 4.2584) followed by online recruitment system (Mean = 3.7042). This implies that proper utilization of accounting information system will adequately improve hiring of new employees of commercial banks.

4.3.4 Extent to which accounting information system is used in training function

Table 4.7: Use of accounting information system in training function

Training	N	Mean	Standard Deviation
Comprehensive training result in beneficial firm level outcomes.	33	4.2584	0.9152
Accounting information system makes it possible for human resources professionals to train new staff in a more efficient manner	33	3.0958	1.3442
Virtual training makes it possible to train more employees	33	3.5966	1.2548
Accounting Information systems provides a system for organizations to administer and track employee training and development efforts	33	3.7042	1.1803
Online learning and testing of employees is a remarkable savings in time and money	33	3.6257	1.3254

Source: Author (2017)

Just like the results in table 4.6 above, the results in table 4.7 also showed similar results where the respondents believed that AIS plays a significant task in the training of employees of commercial banks. A Mean of 3.7042 showed that accounting information system provides a system for banks to administer and track employee training and development needs. Thus proper management of accounting information system is vital in the success of training of employees of commercial banks. Generally all the respondents tended to agree and strongly agree.

4.3.5 Extent to which accounting information system is used in performance evaluation function

Table 4.8: Use of accounting information system in performance evaluation function

Performance Evaluation	N	Mean	Standard Deviation
Enhanced performance management can be used to assess employee performance and also to get employee feedback	33	3.5966	1.2548
Enhanced accounting information system can be used to monitor the development of desired employee attitudes and behavior	33	3.7042	1.1803
Performance management is very important for continuous monitoring and evaluation	33	3.6257	1.3254
Human Resource Information System realizes whether the objectives are met and which segment should improve	33	3.4524	1.0152

Source: Author (2017)

The results in table 4.8 above showed that accounting information system is significantly used in enhancing performance evaluation of employees of commercial banks. With a mean of 3.7042 of the respondents that enhanced accounting information system can be used to monitor the development of desired employees' attitude and behavior. Generally all the respondents were indifferent and agreed.

4.4 Correlation Analysis

The objective of the study was based on the relationship between dependent and independent variables which were: hiring/recruitment function, training function, performance evaluation function and accounting information system. In order to achieve this, the Pearson (r) correlate on coefficient was computed due to the interval nature of the data and the need to test the strength and direction of relationship that exist among the study variables.

Table 4.9: Correlation Coefficient between variables

The table below shows the relationship between variables

Variables	Hiring	Training
Performance evaluation	0.350082	0.350220
Training	-0.097720	XXXX

Source: Author (2017)

Table 4.9 shows relationship between variables. As can be seen from the table, performance evaluation is positively related to hiring function. This relationship may imply that banks hiring high caliber employees face an enhanced performance evaluation system. Similarly, training has a positive relationship with performance evaluation. This may also indicate that highly trained employees will in turn result in enhanced

performance evaluation as well. However, training has a negative relationship with hiring function. This may imply that hiring highly qualified staff requires less training, and the contrary is also true. This is due to the fact that qualified staffs have the requisite knowledge and skills necessary for a particular job specifications.

4.5 Regression Results

The following regression results show the relationship between bank specific factors with the human resource management system. The main objective of this study was to answer whether there exists a relationship between accounting information system and human resource management system among commercial banks in Kenya. As such, the first hypothesis was that there exists a positive relationship between accounting information system and the bank's strategic decision making process. The table 4.10 below presents the regression results to that effect.

Table 4.10: Regression Output of Bank HRM specific factor

Variables	Strategic Decision Making
Constant	1.237852 (3.468773)*
Accounting Information System	0.03508 (2.836691)**
Observation	330
R²	0.638823
Adjusted R²	0.632853

Source: Author (2017)

Note: The figures in parentheses are t- Statistics

*Statistically significant at the 1% level

**Statistically significant at the 5% level

As presented in table 4.10 above, the bank's accounting information system affects the strategic decision making of commercial banks with a minimum of 95% confidence level.

The above results thus leads to rejection of the Hypothesis H₁ that there is a significant relationship between accounting information system and firm's strategic decision making. This hypothesis can be rejected with 95% confidence level.

The other objective of the study was to establish the effect of the relationship between AIS and HRM related strategic decision making of commercial banks. Table 4.11 therefore presents the output of the regression analysis in such a scenario.

Table 4.11: Regression Output of application of AIS in HRM

Variable	Accounting Information System
Constant	2.750498 (21.46610)*
Hiring*M	0.023615 (11.95253)*
Training*M	0.098470 (7.256684)*
Performance Evaluation*M	0.383483 (12.477354)**
Observation	330
R²	0.903411

Adjusted R²	0.816151
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Source: Author (2017) AIS M (Application of AIS)

Note: The figures in parentheses are t-Statistics.

*Statistically significant at the 1% level

**Statistically significant at the 5% level

As can be observed from the summary of regression output in table 4.11 above, the application of accounting information system is very strong. That means, there is a significant relationship between accounting information system and human resource management related strategic decision making of commercial banks. Moreover, as indicated in the table, the R² and Adjusted R² increased significantly in magnitude in the application of AIS. Thus the Hypotheses H₂ to H₄ for each variable can be accepted that there is a significant relationship between accounting information system and human resource management system (hiring, training and performance evaluation functions) of commercial banks in Kenya. This is similar to and consistent with the findings of Ali M. Al-rabei et al. (2015) about the Jordanian Islamic Banks where their findings showed that there was a positive correlation between accounting information and human resources management cycle.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The overall objective of this study was to determine the relationship that exists between AIS and HRM system among commercial banks in Kenya. To achieve this objective, the data for 33 commercial banks was analyzed using linear multiple regression model.

5.2 Research Summary

In this study the relationship between accounting information system and human resource management system among commercial banks in Kenya was evaluated. It was found that accounting information system significantly relates with human resource management system among commercial banks in Kenya. For instance the correlation coefficient of performance evaluation and both hiring and training was 0.35 respectively. Similarly, it was found that there was a positive relationship between accounting information system and human resource management system among commercial banks in Kenya with 99% confidence level. This shows that accounting information system was significantly related to hiring, training and performance evaluation functions of commercial banks with 0.024, 0.098 and 0.383 coefficients of parameters with 99% significance level for the first two (2) indicators and 95% significance level for the last indicator.

5.3 Conclusion

The empirical results of this study showed that accounting information system was found to be positively correlated with human resource management system among commercial banks in Kenya. The relationship between accounting information system and hiring/recruitment function was found to be positive. Similarly, the relationship between accounting information system and training function was found to be positive and

likewise was the relationship between accounting information system and performance evaluation function. Thus, it is possible to conclude that those banks' human resource managers who utilize accounting information system in their human resource management related strategic decision making will boost their HRM decisions. In general, it can as well be concluded from this empirical study that accounting information system plays a significant role in human resource management related strategic decision making of commercial banks. This evidence supports and is in line with the Contingency theory which states that organizational effectiveness results from the association between organizational characteristics and contingency factors. The theory also proposes that organizational performance improves as a result of the interaction between organizational structure and context.

5.4 Recommendation for Policy and Procedure

The policy implication which emerged from this study includes the following;

Firms should utilize optimally the benefit of related knowledge based on computer systems so that relevant financial reports to the informational needs of the respective users will be clear, understandable and reliable in the best possible way within a prescribed time period.

It is of utmost importance for management to pay attention to the role of accounting information system as one of the tools of decision making and planning especially the human resource managers. In that regards, they need to improve their knowledge of accounting information system and basic financial analysis.

Company management needs to evaluate and revise the accounting policies in place from time to time according to the standards and principles which will give more useful accounting information system to the intended users at the time of need.

Following the above reasons and due to the scarcity of studies on the subject especially in the Kenyan context, I will not shy away from recommending the avenues for further studies on;

- The impact and analysis of accounting information system on firm's performance measures
- Determining the efficiency and effectiveness of AIS with internal control in relations to cash control management, human resources, internal audit, accounts receivables and payables
- Finally, the study on the how AIS has impacted the firms listed in the Nairobi Security Exchanges

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APPENDIX I: Letter of Introduction

To Whom It May Concern

RE: INTRODUCTION LETTER

Dear Respondent:

My name is Scaver Mwakio. I am a finalist Master of Business Administration (MBA) degree student at University of Nairobi. In partial fulfillment of the requirement of this course, I am conducting my academic research entitled 'The relationship between accounting information system and human resource management system among commercial banks in Kenya'. The University has permitted me to carry out this research and I will treat your opinions confidentially. Your honesty is both critical and paramount when you respond to the questionnaire. Please tick (√) as appropriate.

Yours faithfully,

Scaver Mwakio Nyangala

APPENDIX II: RESEARCH QUESTIONNAIRE

This study seeks to highlight the relationship between accounting information system and human resource management among commercial banks in Kenya. All information received will be treated confidentially and be used for academic purposes only. Answer by writing in the spaces provided or by ticking in the appropriate box.

SECTION A: BACKGROUND INFORMATION

1. Gender of the Respondent

Female { }

Male { }

2. Education level

Certificate []

Diploma []

Degree []

Masters []

Other (specify).....

3. For how long have you been working in the organization?

1-3 years []

4 – 6 years []

7 – 10 years []

Over 10 years []

SECTION B: Role of Accounting Information System

Extent to which Accounting Information System is used in Human Resource Management

Question	Never	Less than 25%	25%-50%	50%-99%	In all strategic decisions made
To what extent is accounting information system used in strategic decision making in your firm?					

Extent to which Accounting Information System is used in Human Resource Management Related Strategic Decision Making

Question	SD*	D*	N*	A*	SA*
Accounting information system is used in formation of human resources policies, processes and procedures					
Accounting information system is used in employee recruitment related decisions					
Accounting information system is used in employee					

training and development related decisions					
Accounting information system is used in employee performance evaluation related decisions					
Accounting information system is used in determining employee compensation and benefit related strategic decisions					

*SD=Strongly Disagree, D=Disagree, N=Neither agree nor disagree, A=Agree, SA=Strongly Agree

Indicate the extent to which each of the following statements relating to hiring function that applies to you. Key Use a scale of 1-5, where (1= strongly disagree, 2= disagree, 3= moderately agree, 4= Agree and 5= strongly Agree)

Hiring/Recruitment function	1	2	3	4	5
Recruitment determines the needs and requirements of the bank					
Different accounting information systems are used to find new employees.					
Technology in human resource management allows a company to find new ways of handling paperwork relating to employee hires and benefits					
The use of an online enrollment system is common and beneficial					

Technology often helps a company prevent theft from payroll documents through comprised transfer methods.					
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Indicate the extent to which each of the following statements relating to training function that applies to you. Key Use a scale of 1-5, where (1= strongly disagree, 2= disagree, 3= moderately agree, 4= Agree and 5= strongly Agree)

Training function	1	2	3	4	5
Comprehensive training result in beneficial firm level outcomes.					
Accounting information system makes it possible for human resources professionals to train new staff in a more efficient manner					
Virtual training makes it possible to train more employees					
Accounting Information systems provides a system for organizations to administer and track employee training and development efforts					
Online learning and testing of employees is a remarkable savings in time and money					

Indicate the extent to which each of the following statements relating to performance evaluation function that applies to you. Key Use a scale of 1-5, where (1= strongly disagree, 2= disagree, 3= moderately agree, 4= Agree and 5= strongly Agree)

Performance evaluation function	1	2	3	4	5
Enhanced performance management can be used to assess employee performance and also to get employee feedback					
Enhanced performance management can be used to monitor the development of desired employee attitudes and behavior					
Performance management is very important for continuous monitoring and evaluation					
Human Resource Information System realize whether the objectives are met and which segment should improve					

Thank you

APPENDIX II: LIST OF COMMERCIAL BANKS IN KENYA

Bank Name
1 African Banking Corporation Ltd
2 Bank of Africa (K) Ltd
3 Bank of Baroda (K) Ltd
4 Bank of India
5 Barclays Bank of Kenya Ltd
6 CFC Stanbic Bank (K) Ltd
7 Charterhouse Bank Ltd
8 Chase Bank Ltd
9 Citibank N.A. Kenya
10 Commercial Bank of Africa Ltd
11 Consolidated Bank of Kenya Ltd
12 Co-operative Bank of Kenya Ltd
13 Credit Bank Ltd
14 Development Bank of Kenya Ltd
15 Diamond Trust Bank (K) Ltd
16 Dubai Bank Ltd
17 Ecobank Kenya Ltd
18 Equatorial Commercial Bank Ltd
19 Equity Bank Ltd

20 Family Bank Ltd
21 Fidelity Commercial Bank Ltd
22 First Community Bank Ltd
23 Giro Commercial Bank Ltd
24 Guaranty Trust Bank Ltd
25 Guardian Bank Ltd
26 Gulf African Bank Ltd
27 Habib Bank A.G. Zurich
28 Habib Bank Ltd
29 I&M Bank Ltd
30 Imperial Bank Ltd
31 Jamii Bora Bank Ltd
32 K - Rep Bank Ltd
33 Kenya Commercial Bank Ltd
34 Middle East Bank (K) Ltd
35 National Bank of Kenya Ltd
36 NIC Bank Ltd
37 Oriental Commercial Bank Ltd
38 Paramount Universal Bank Ltd
39 Prime Bank Ltd
40 Standard Chartered Bank (K) Ltd

41 Trans - National Bank Ltd
42 UBA Kenya Ltd
43 Victoria Commercial Bank Ltd
Source: Central Bank of Kenya (December, 2016)