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Effect of Accounting Information System on Quality of Financial Reporting in Selected Microfinance Institutions in Democratic Republic of Congo

Impact du Système d'Information Comptable sur la qualité des Rapports Financiers des Quelques Institutions de Microfinance de la République Démocratique du Congo

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Résumé

L'étude a été réalisée sur l'effet du système d'information comptable sur la qualité des rapports financiers dans certaines institutions de microfinance en RDC. Les résultats ont montré que les variables suivantes en matière de reporting financier : la collecte, le stockage et la récupération des données ont une influence positive et significative sur la représentation fidèle de la microfinance en RDC. Le stockage et la récupération des données ont une influence positive et significative sur la comparabilité des informations financières en microfinance en RDC. Le stockage et la récupération des données ont une influence positive et insignifiante sur l'intelligibilité des rapports financiers en microfinance en RDC. La collecte et la récupération des données ont une influence positive et significative sur la rapidité des rapports financiers en microfinance en RDC. Cependant, la collecte et la récupération des données ont un effet négatif et significatif sur la rapidité des rapports financiers. La collecte, le stockage, le traitement et la récupération des données ont une influence positive et non significative sur la vérifiabilité des rapports financiers en microfinance en RDC.

Mots clés : Système d'information comptable (SIC) ; Qualité des Rapports Financiers(QRF) ; Institutions de Microfinance(IMF) ; Normes Internationales d'Information Financière (NIIF) ; Organisation Pour l'harmonisation en Afrique des Droits des Affaires(OHADA)

Abstract

The study was carried out on the effect of accounting information system on quality of financial reporting in selected microfinance institutions in DRC. The findings demonstrated that the following financial reporting variables; data collection, data storage, and data retrieval have positive and significant influence on Faithful representation in microfinances in DRC. The data storage and data retrieval have positive and significant influence on comparability of financial reporting in microfinances in DRC. The data storage, and data retrieval have positive and insignificant influence on understandability of financial reporting in microfinances in DRC. The data collection and data retrieval have positive and significant influence on timeliness of financial reporting in microfinances in DRC. However, data collection, and data retrieval have negative and significant effect on timeliness of financial reporting. The data collection, data storage, data processing and data retrieval have positive and insignificant influence on verifiability of financial reporting in microfinances in DRC.

Keywords : Accounting Information System (AIS); Quality of Financial Reporting (AFR); Microfinance Institutions (MFI); international financial reporting standards (IFRS); Organization for the Harmonization of Business Rights in Africa (OHADA)

Introduction

The accounting information system has played a significant role on the organizational financial reporting. This system is supposed to be more performing than the traditional manual system. The improvements in information technology have led to the introduction of electronic accounting systems in organizational reporting to help produce relevant and faithful representative financial reports for both management and external users for decision making. Managing information is advantageous to both the organizations and the users. The accounting information system improves the quality and the easiness of the production of the financial report. This study will evaluate the impact of accounting information system on the quality of financial reporting in selected microfinances in DRC. It will also identify which other inputs are missing in the organization to enable the accounting information system to better reach the purpose of its use in selected microfinance institutions.

The experience of advanced countries is that, as information technologies grow more progressively, the manual accounting systems have become gradually inadequate for decision needs (Brecht & Martin, 1996). Consequently, public and private sector firms in both developing and developed economies view CAS as a vehicle to ensure effective and efficient information flow in the recording, processing, and analysis of financial data. Effective and efficient information flow enhances managerial decision-making, thereby increasing the firm's ability to achieve corporate and business strategy objectives (Manson, 2001).

Financial reporting has been investigated empirically, and it was found that it has a significant influence on value creation for different stakeholders of the reporting entity. This is the ability of the firm to produce the company's financial position and performance that satisfy shareholders governments, employees, and creditors (Kyle Peterson, 2015).

The OHADA regulatory framework sets the closing date for the accounts at December 31 of each calendar year (article 7), and the approval of the financial statements by the governing bodies, which are legally responsible, at four months from the closing date. The financial statements must be approved by the shareholders within six months of the balance sheet date. The date of availability to users is subsequent to the previous date. The authors note that the legal framework for closing and approving financial statements is a maximum that should be shortened for an information system that is intended to be effective for companies using the OHADA accounting system (FOSSI A.D.& al, 2020).

An information system seeks to take advantage of the surrounding circumstances in order to improve the quality and quantity of information and to enhance delivery mechanism to users, thereby providing various users with different forms of useful information to meet their various needs (Alzoubi, 2012). Despite the continuous production of accounting information as required by law, financial and accounting regulations aimed at improving financial performance, there is a persistent misuse of resources and poor accountability (Bukenya, 2014).

Faithful representation, understandability, comparability, verifiability and timeliness are true measures of perceived accounting information in that order. For financial information to serve its intendent objective, it should be of good quality to ensure good decision-making (Boniface, 2016).

Therefore, this study will help to evaluate the effect of accounting information system on the quality of financial reporting in selected microfinances in DRC. It will also identify which other inputs are missing in the organization to enable the accounting information system to better reach the purpose of its use in selected microfinance institutions.

On this study, several theories have been applied: **Agency Theory**, which examines the relationship between principals and agents in an organization; **Information processing theory** focuses on how individuals process and use information. This theory assesses how the AIS facilitates the processing of financial information, enhances decision-making capabilities, and contributes to the accuracy and reliability of financial reporting in microfinance institutions; **Contingency Theory** suggests that the design and effectiveness of an AIS should match the unique requirements and circumstances of an organization.

This study answered the following questions:

1. Is there any effect of accounting information system on faithful representation of financial reporting in selected microfinance institutions in DRC?
2. Does the effect of accounting information system affect comparability of financial reporting in selected microfinance institutions in DRC?
3. How does accounting information system affect the understandability of financial reporting in selected microfinance institutions in DRC?

4. What is the effect of accounting information system on timeliness of financial reporting in DRC?
5. What is the effect of accounting information system on verifiability of financial reporting in DRC?

1. Conceptual Framework and Hypothesis

The conceptual framework expresses the reason to conduct this study. Figure 1 shows the approach that followed for this study. It is comprised of two variables: Dependent variable on the right side which is quality of financial reporting with its sub variables of reliability, relevance, comparability, understandability, and timelines, while on the left side there is Independent variable with its sub variable of data collection, data storage, data processing and data retrieval

1.1. Accounting Information System

According to VanBaren (2017), accounting information system is a system used by businesses for recording their financial information. Many systems are available and companies look for a system to match their needs. A computerized accounting system is a system that uses computers to input, process, store, and output accounting information in form of financial reports. He adds that Computerization of system can certainly help in minimizing some errors when preparing accounting records another view adds that computerized systems are advantageous in consolidating information channels meaning that files which had previously been duplicated by several departments are now consolidated into a single file.

1.1.1 Data Collection

(Tucci, 2014) Argued that Data management is a too often neglected part of study design, and includes planning the data needs of the study, data collection, data entry, data validation and checking, data manipulation, data files backup and data documentation. The main elements of data management are database files. Database files contain text, numerical, images, and other data in machine readable form. (Pincus, 2000) Makes it clear that data is raw facts and figures; raw facts and figures are the starting point (the input) for creating information. The transformation of data into information, which is referred to as data processing or information processing, may involve many different activities.

1.1.2 Data Storage

According to (Abdelsalam, 2001).keeping accurate accounting records is a vital part of financial reporting in any organization. Apart from helping it to keep its float financially and legally, it is a requirement of the shareholders. However computerized accounting system involves the use of computers to handle a large volume of data with speed, efficiency, and accuracy aimed at overcoming fundamental challenges which do not change the principle. The principle of accounting remains the limitations of many accountings and hence producing quality and reliable work.

1.1.3 Data Processing

According to Turner and Weickgenannt (2013), processing accounting data involve calculations, classification, summarization, and consolidation. In manual accounting systems, this processing occurs through the established manual methods and the recording, posting, and closing steps in the journals andledgers. Automated processing can be accomplished by batch processing or online and real-time processing.

1.1.4 Data Retrieval

Reed (2010), defined record retrieval as a system of removing records from their storage places. Reed stated that file arrangement should support the retrieval of records by either arranging them numerically or alphabetically so as to ease retrieval. Reed further explained that retrieval should be done by authorized personnel in a record center. He explained that accounting record documents should be arranged to ensure that files containing restricted information are accessible only to authorized personnel and officials.

1.2 Quality of Financial Report

1.2.1 Faithful Representation

Faithful representation is another critical factor of financial reporting quality. In financial reporting, information must have the quality of reliability in order to be useful. This quality is achieved when information, which users depend upon, is free from bias and material mistakes. Reliability is analyzed based on the qualities of faithful, verifiable, and neutral information (Cheung, 2010).

1.2.2 Comparability

Comparability is the concept of allowing users to compare financial statements to determine the financial position, cash flow, and performance of an entity. This comparison allows users

to compare across time and among other companies in the same period. As Cheung, Evans and Wright (2010) remarked: Comparability demands that identical events in the two situations will be reflected by identical accounting facts and figures . . . different events will be reflected by different accounting facts and figures in a way which quantitatively reflects those differences in a comparable and easily interpretable manner. (Cheung et. Al,2010).

1.2.3 Understandability

Understandability is one of the essential qualities of information in financial reports. Achieving the quality of understandability is through effective communication. Thus, the better the understanding of the information from users, the higher the quality that will be achieved (Cheung, Evans&Wright, 2010).

According to the IASB (2010), understandability is an enhancing quality of financial information. Thus, financial information should be well categorized, and presented in clear form that helps decision makers or users to understand the clear meaning of everything that is contained in financial statements that is prepared and presented to them.

1.2.4 Timeliness

Timeliness is another enhancing qualitative characteristic. Timeliness illustrates that information must be available to decision makers before losing its powerful and good influences. When assessing the quality of reporting in an annual report, timeliness is evaluated using the period between the year-end and the issuing date of the auditor‘s report- the period of days it took for the auditor to sign the report after the financial year-end (Beest, 2009).

This quality of financial information requires the presentation and communication of financial information before it loses its core value for decision making and change. Professional accountants and management are required to be aware that financial information is needed by users for a specific and timely purpose and have to present it in a very short time after the end of the accounting period (Amaoko, 2012).

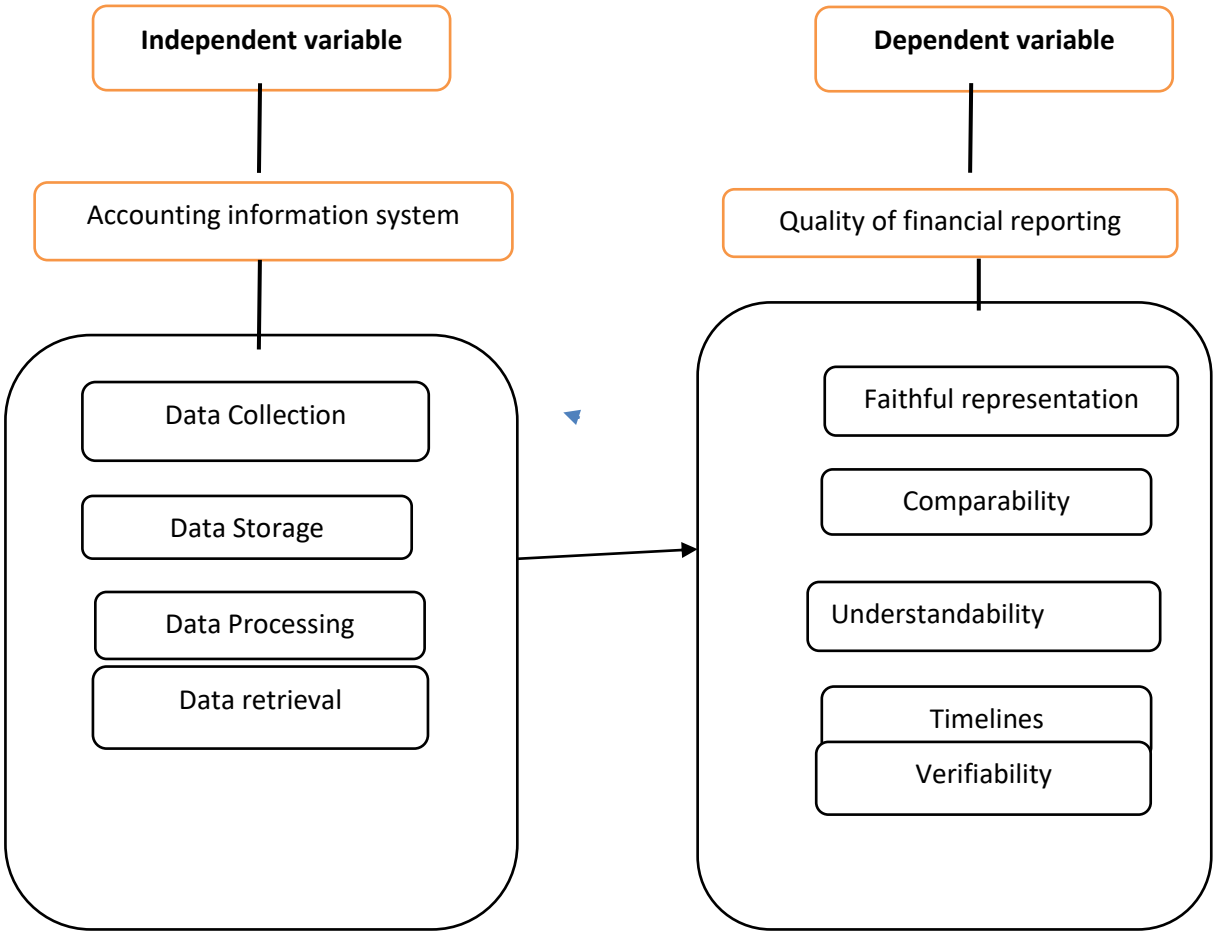
1.2.5 Verifiability

The fundamental qualitative characteristics (i.e. relevance and faithful representation) are most important and determine the content of financial reporting information. The enhancing qualitative characteristics (i.e. understandability, comparability, verifiability and timeliness)

can improve decision usefulness when the fundamental qualitative characteristics are established. However, they cannot determine financial reporting quality on their own (IASB, 2008).

The information in the financial statements should be physically verified or audited and debtors or creditors should be able to be consulted in order to get confirmation of their balances. The concerned parties should also be able to verify the cash accounts directly. In addition, accounting methods used also are to be evaluated and users should be able to get information that confirms the faithfulness, quality and quantity of the amount contained in financial reports.

Figure 1. Framework conceptual



1.3 Empirical Review and Hypothesis

Accounting Information System and Faithful Representation of Financial Reporting In financial reporting, information must have the quality of reliability in order to be useful. This quality is achieved when information, which users depend upon, is free from bias and material mistakes. Reliability is analyzed based on the qualities of faithful, verifiable, and neutral information (Cheung, Evans & Wright, 2010).

(Tanis V., 2015) On their study, "Benefits of Computerized Accounting Information Systems on the JIT Production Systems", concluded that Improvements in the technology have enabled companies to collect, process, and retrieve data quickly. In addition, there is less likelihood of error when data are processed with computers.

This research verified the following null hypotheses:

Ho1 There is no significant effect of accounting information system on faithful representation of financial reporting in selected microfinance institutions in DRC.

Ho2 There is no significant effect of accounting information system on comparability of financial reporting in selected microfinance institutions in DRC.

Ho3 There is no significant effect of accounting information system on understandability of financial reporting in selected microfinance institutions in DRC.

Ho4 There is no significant effect of accounting information system on timeliness of financial reporting in selected microfinance institutions in DRC.

Ho5 There is no significant effect of accounting information system on verifiability of financial reporting in selected microfinance institutions in DRC.

2. Methodology

The study used a survey design. Quantitative data was collected by the use of self-administered questionnaires to get more information about the study findings. The study engaged a survey design that is appropriate for preliminary and exploratory studies so as allow the researcher gather information, summarize, present and interpret data for the purpose of classification (Orodho, 2003). This is due to the fact that this study used primary data.

2.1 Target Population

The target study population was 120 employees in selected microfinance's in DRC. These microfinances are listed below:

Table 1: Population

MFI	Population
COOPEC	61
PAIDEK	21
HEKIMA	22
TUJENGE PAMOJA	16

Source: Researcher

2.2 Operationalization of Variables

This section aims at formulating the variables and their sub variables which are considered as measurements or proxies of the major variables under this study. This section shows the variables and their functional relationship.

X=Accounting information system
X= f (x1, x2, x3, x4, x5) where
X1=Data collection (DC)
X2=Data storage (DS)
X3=Data processing (DP)
X4=data retrieval (DR)
Y= Quality of financial reporting
Y =f (y1, y2, y3, y4, y5) where
Y1=FR=Faithfull representation
Y2=CO=Comparability
Y3=UN=Understandability
Y4=TI=Timelines
Y5=VE= verifiability's value
FR=f (DC, DS, DP, DR) (f1)
CO=f (DC, DS, DP, DR) (f2)
UN=f (DC, DS, DP, DR) (f3)
TI=f (DC, DS, DP, DR) (f4)
VE=f (DC, DS, DP, DR) (f5)

Where f1, f 2, f3, f4, f5, are the functional relationships of this study. The functions were used in testing the effect of accounting information system on each of the proxies of quality of financial reporting.

To test the null hypotheses, the multiple regressions models where formulated and tested as follow:

X=Accounting information system

X= f (x1, x2, x3, x4, x5) where

X1=Data collection (DC)

X2=Data storage (DS)

X3=Data processing (DP)

X4=data retrieval (DR)

Y= Quality of financial reporting

Y =f (y1, y2, y3, y4, y5) where

Y1=FR=Faithfull representation

Y2=CO=Comparability

Y3=UN=Understandability

Y4=TI=Timelines

Y5=VE= verifiability's value

FR=f (DC, DS, DP, DR) (f1)

CO=f (DC, DS, DP, DR) (f2)

UN=f (DC, DS, DP, DR) (f3)

TI=f (DC, DS, DP, DR) (f4)

VE=f (DC, DS, DP, DR) (f5)

$Model_1$: $FR= \beta_0+ \beta_1DC +\beta_2DS+\beta_3DP +\beta_4DR+\mu$

$Model_2$:$CO= \beta_0+ \beta_1DC + \beta_2DS+ \beta_3DP +\beta_4DR+ \mu$

$Model_3$: $UN = \beta_0+ \beta_1DC + \beta_2DS+\beta_3DP +\beta_4DR+ \mu$

$Model_4$: $TI = \beta_0+ \beta_1DC + \beta_2DS+ \beta_3DP +\beta_4DR+ \mu$

$Model_5$:$VE = \beta_0+ \beta_1DC + \beta_2DS+ \beta_3DP +\beta_4DR+ \mu$

Apart from the introduction, this work includes a part reserved for the presentation of the results, followed by a discussion of the results and at the end a conclusion.

3. Results

This point presents the findings, analysis, interpretation and discussions of the research based on the research instruments used. Tables were used to present the findings. The analysis was done by entering 92 copies of questionnaires which were entered and judged useful for this study.

3.1 Descriptive Analysis

Table 2: Data Analysis

S/N	Variables	N	Mean	SD	Interpretation
1	Data collection	92	2.88	1.605	Moderate
2	Data storage	92	3.11	1.285	Moderate
3	Data processing	92	2.99	1.251	Moderate
4	Data retrieval	92	3.36	1.268	Moderate
5	Faithfull representation	92	3.89	1.186	Moderate
6	Relevance	92	2.76	1.352	Moderate
7	Comparability	92	2.88	1.605	Moderate
8	Understandability	92	3.11	1.285	Moderate
9	Timelines	92	3.34	0.92	Moderate
10	Verifiability	92	2.43	1.082	Low
AGGREGATE MEAN			**3.08**	**0.32**	**Moderate**

n=92. ***Legend:****1.00 – 1.79 Very low, 1.80 – 2.59 Low, 2.60 - 3.39 Moderate, 3.40 – 4.19 High, 4.20 – 5.00 Very High*

Table 2 shows that respondents' perception on Accounting information system and Financial Reporting variables were at moderate level for many items such as data collection, data storage, data processing, data retrieval, faithful representation, relevance, comparability, understandability and timelines(mean=2.88, mean=3.11, mean=2.99, mean=3.36, mean=3.89, mean=2.76, mean=2.88, mean=3.11, and mean=3.34). however, one item on verifiability is rated low (mean=2.43).

Findings are in line with (Cheung, 2010) found that in financial reporting, information must have the quality of reliability in order to be useful. This quality is achieved when information, which users depend upon, is free from bias and material mistakes. Reliability is analyzed based on the qualities of faithful, verifiable, and neutral information and with Dalci& Tanis (2015) on their study, "Benefits of Computerized Accounting Information Systems on the JIT Production Systems", concluded that Improvements in the technology have enabled companies to collect, process, and retrieve data quickly. In addition, there is less likelihood of error when data are processed with computers

3.2 Test of Hypothesis

3.2.1 Test of Hypothesis One (H01)

Table 3: Accounting information system and faithful representation of financial reporting

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.076	3.233		3.735	.000
	Data Collection	-.221	.219	.146	1.010	.031
	Data Storage,	.002	.314	.001	.006	.0495
	Data Processing	-.721	.375	-.314	-1.922	.059
	Data retrieval	.869	.206	.486	4.217	.000
	Source: *Researcher* R= 0.575 R2= 0.331 Adj R2= 0.293 F= 8.665, Sig.= 0.000					

Table 3 provides detailed summary of the regression results analysis for the effect accounting information system variables; data collection, data storage, data processing and data retrieval on Financial reporting in selected microfinance in DRC.

The results from Table 3 revealed that the following financial reporting variables; data collection, data storage, and data retrieval have positive and significant influence on Faithful representation of microfinances in DRC ($\beta 1$ =0.146, t= 1.010, $\beta 2$ =0.001, t= 0.006, $\beta 4$ =0.486, t= 4.217) respectively. However, data processing has negative and insignificant effect on Faithful representation ($\beta 3$ =-0.314, t= -1.922, p-value>0.05 The magnitude of the estimated parameters suggests that 1 per cent increase in data collection, data storage, and data retrieval will lead to 0.146,0.010 and 0.486 percent increases in Faithful representation respectively.

Based on these findings the model$_1$ is represented as follows: FR= 12.076 + 0.146 DC + 0.001DS + 0.486 DR+ 3.233. The Adjusted R^2 from Table 3 revealed that accounting information system variables with reference to data collection, data storage, data processing and data retrieval explained about 29.3% of variance in faithful representation creation in

selected microfinances in DRC (Adj R^2 = 0.293). While the remaining 71.7% of changes in faithful representation creation in selected microfinances in DRC is as result of some other factors that have not been captured in the model.

The correlation coefficient (R = 0.575) shows that there is a strong and positive relationship between accounting information system variables and faithful representation of financial reporting in selected microfinances in DRC. The F- test of 8.665 is statistically significant with $p < 0.05$ indicated that the variables used in the model have a goodness of fit and that is a good predictor of the main variables, the first null hypothesis stated that there is no significant effect of accounting information system on faithful representation of financial reporting in selected microfinance in DRC has been rejected.

The findings demonstrated that the accounting information system influences faithful representation of financial reporting in selected microfinances in DRC. This means that the quality is achieved when information, which users depend upon, is free from bias and material mistakes and can easily achieved by using an accounting system. This is in line with Tanis & Dalci(2015) on their study, "Benefits of Computerized Accounting Information Systems on the JIT Production Systems", concluded that Improvements in the technology have enabled companies to collect, process, and retrieve data quickly. In addition, there is less likelihood of error when data are processed with computers and Augustine & Kennedy (2017) revealed that because of the numerous benefits that are associated with the computerized accounting system, more importantly, its ability to produce and present relevant and faithful representative of financial reports to end users, management of the selected banks are trying to migrate all their activities onto the Computerized Accounting System.

3.2.2. Test of Hypothesis two (H02)

Table 4: Accounting information system and comparability of financial

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	2.600	2.253		1.154	.253
Data Collection	.080	.152	.074	.525	.601
Data Storage,	.445	.219	.272	2.035	.046
Data Processing	.401	.261	.244	1.535	.129
Data retrieval	.481	.144	.376	3.348	.001

Source : Researcher

a. Dependent Variable: comparability of financial reporting

R= 0.604 R2= 0.364 Adj R2= 0.328 F= 10.034, Sig.= 0.00

Table 4 provides detailed summary of the regression results analysis for the effect accounting information system variables; data collection, data storage, data processing and data retrieval on Financial reporting in selected microfinance in DRC. The results from Table 4 revealed that the following financial reporting variables; data storage and data retrieval have positive and significant influence on comparability of financial reporting in microfinances in DRC (β2 =0.272, t= 2.035, β4 =0.376, t= 3.348) respectively. However, data collection and data Processing have positive but insignificant effect on comparability of financial reporting (β1 =0.74, t= 0.525, p-value<0.05. The magnitude of the estimated parameters suggests that 1 percent increase in data storage and data retrieval will lead to 0.272 and 0.376 per cent increases in comparability of financial reporting respectively.

Basing on these findings the model$_2$ is represented as follows:

CO= 2.6 + 0.272 DS + 0.376DR+2.253

The Adjusted R^2 from Table 4 revealed that accounting information system variables with reference to data collection, data storage, data processing and data retrieval explained about 32.8% of variance in comparability of financial reporting in selected microfinances in DRC (Adj R^2 = 0.328). While the remaining 67.2% of changes in comparability of financial

reporting in selected microfinances in DRC is as result of some other factors that have not been captured in the model.

The correlation coefficient (R = 0.604) shows that there is a strong and positive relationship between accounting information system variables and comparability of financial reporting in selected microfinances in DRC. The F- test of 10.034 is statistically significant with $p < 0.05$ indicated that the variables used in the model have a goodness of fit and that is a good predictor of the main variables, the third null hypothesis we stated that there is no significant effect of accounting information system on comparability of financial reporting in selected microfinance in DRC has been rejected.

The findings demonstrated that the accounting information system influences the comparability of financial reporting in selected microfinances in DRC. This indicates that accounting system help users to compare financial statements to determine the financial position, cash flow, and performance of an entity and in line with Obert, (2011) said that financial accounting information helps its users in making choices between many alternatives and substitutable cases in the decision make process. Consequently, the internal examination of financial performance and financial position of the firm is carried out by comparability of the company's situations (past and present) through analysis using at least two years comparative information, especially about the financial performance and financial position to measure the profitability level, and returns on investment.

3.2.3 Test of Hypothesis three (H03)

Table 5: Accounting information system and understandability of financial reporting

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.046	3.396		3.547	.001
	Data Collection	-.096	.230	-.073	-.418	.678
	Data Storage,	.066	.329	.034	.202	.841
	Data Processing	-.049	.394	-.025	-.124	.902
	Data retrieval	.071	.217	.046	.326	.745

R= 0.99 R2= 0.010 Adj R2= -0.47 F= 0.174, Sig.= 0.951
a. Dependent Variable: understandability of financial reporting **Source:** *Researcher*

Table5 provides detailed summary of the regression results analysis for the effect Accounting information system variables; data collection, data storage, data processing and data retrieval on Financial reporting in selected microfinance in DRC. The results from Table5 revealed that the following financial reporting variables; data storage, and data retrieval have positive and insignificant influence on understandability of financial reporting in microfinances in DRC (β2 =0.34, t= 0.202, β4 =0.046, t= 0.326,) respectively. However, data collection and data processing have negative and insignificant effect on understandability of financial reporting (β1 =-0.073, t= -0.418. β3 =-0.025, t= -0.124p-value>0.05. The magnitude of the estimated parameters suggests that 1 per cent increase in data storage and data retrieval will lead to 0.34 and 0.046 per cent increases in understandability of financial reporting respectively.

Based on these findings the model$_3$ is represented as follows:

UN= 12.046 + 0.34DS + 0.46DR+ 3.396

The Adjusted R^2 from Table5 revealed that accounting information system variables with reference to data collection, data storage, data processing and data retrieval explained about 47% of variance in understandability of financial reporting in selected microfinances in DRC (Adj R^2 = -0.47). While the remaining 53% of changes in understandability of financial reporting in selected microfinances in DRC is as result of some other factors that have not been captured in the model.

The correlation coefficient (R = 0.99) shows that there is a strong and positive relationship between accounting information system variables and understandability of financial reporting in selected microfinances in DRC. The F- test of 0.174 is statistically insignificant with p > 0.05 indicated that the variables used in the model have not a goodness of fit and that is not a good predictor of the main variables. The third null hypothesis stated that there is no

significant effect of accounting information system on understandability of financial reporting in selected microfinance in DRC has been accepted.

3.2.4 Test of Hypothesis four (H04)

Table 6: Accounting information system and timeliness of financial reporting

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.720	3.776		3.368	.001
	Data Collection	-.131	.255	-.088	-.513	.0309
	Data Storage,	.270	.366	.120	.736	.0464
	Data Processing	.237	.438	.105	.542	.0290
	Data retrieval	-.156	.241	-.089	-.647	.419
	R= 0.237 R2= 0.56 Adj R2= -0.02 F= 1.042, Sig.= 0.392					
a. Dependent Variable: timeliness of financial reporting						
Source: *Researcher*						

Table6 provides detailed summary of the regression results analysis for the effect of accounting information system variables; data collection, data storage, data processing and data retrieval on financial reporting in selected microfinance in DRC. The results from Table 6 revealed that the following financial reporting variables; data storage and data processing have positive and significant influence on timeliness of financial reporting in microfinances in DRC ($\beta 2$ =0.120, t= 0.736, $\beta 3$ =0.105, t= 0.542) respectively. However, data collection, and data retrieval have negative and significant effect on timeliness of financial reporting ($\beta 1$ =-0.088, t= -0.513, $\beta 4$ =-0,089, t= -0.647. The magnitude of the estimated parameters suggests that 1 per cent increase in data storage and data processing will lead to 0.120 and 0.105 per cent increases in timeliness of financial reporting respectively.

Based on these findings the model$_5$ is represented as follows:

TI= 12.720+0.120DS+ 0.105DP+ 3.776

The Adjusted R^2 from Table 6 revealed that accounting information system variables with reference to data collection, data storage, data processing and data retrieval explained about 2% of variance in timeliness financial reporting in selected microfinances in DRC (Adj R^2 = -

0.02). While the remaining 98% of changes in timeliness of financial reporting in selected microfinances in DRC is as result of some other factors that have not been captured in the model.

The correlation coefficient (R = 0.237) shows that there is a weak and positive relationship between accounting information system variables and timeliness of financial reporting in selected microfinances in DRC. The F- test of 1.042 is statistically significant with $p < 0.05$ indicated that the variables used in the model have a goodness of fit and that is a good predictor of the main variables, the fourth null hypothesis stated that there is no significant effect of accounting information system on timelines of financial reporting in selected microfinance in DRC has been rejected.

3.2.5 Test of Hypothesis five (H05)

Table 7: Accounting information system and verifiability of financial

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.429	4.373		1.927	.058
	Data Collection	-.087	.296	.050	-.293	.770
	Data Storage,	.219	.424	.084	.517	.607
	Data Processing	.356	.507	.136	.703	.485
	Data retrieval	.087	.279	.043	.314	.755
R= 0.238 R2= 0.57 Adj R2= -0.03 F= 1.050, Sig.= 0.388						
a. Dependent Variable: verifiability of financial reporting **Source:** *Researcher*						

Table7 provides detailed summary of the regression results analysis for the effect Accounting information system variables; data collection, data storage, data processing and data retrieval on Financial reporting in selected microfinance in DRC. The results from Table7 revealed that the following financial reporting variables; data collection, data storage, data processing and data retrieval have positive and insignificant influence on verifiability of financial reporting in microfinances in DRC ($\beta 1 = 0.050$, $t = -0.293$, $\beta 2 = 0.084$, $t = 0.517$, $\beta 3 = -0.136$, $t = 0.703$, $\beta 4 = 0.043$, $t = 0.314$) respectively. The magnitude of the estimated parameters suggests that 1 per

cent increase in data processing will lead to 0.136 per cent increases in verifiability of financial reporting respectively.

Basing on these findings the model5 is represented as follows:

VE= 8.429 + 0.050DC + 0.084DS + 0.136DP+0.043DR4.373

The Adjusted R^2 from Table 7 revealed that accounting information system variables with reference to data collection, data storage, data processing and data retrieval explained about 3% of variance in verifiability of financial reporting in selected microfinances in DRC (Adj R^2 = -0.03). While the remaining 97% of changes in verifiability of financial reporting in selected microfinances in DRC is as result of some other factors that have not been captured in the model.

The correlation coefficient (R = 0.238) shows that there is a weak and positive relationship between accounting information system variables and verifiability of financial reporting in selected microfinances in DRC. The F- test of 1.050 is statistically significant with $p < 0.05$ indicated that the variables used in the model have a goodness of fit and that is a good predictor of the main variables, the fifth null hypothesis stated that there is no significant effect of accounting information system on verifiability of financial reporting in selected microfinance in DRC has been rejected.

This research on the impact of the accounting information system on the quality of financial information in selected microfinance institutions in the DRC offers several managerial implications for these institutions.

Firstly, the findings of this study highlight the importance of adopting an effective accounting information system to improve the quality of financial information. Microfinance institutions should invest in modern and robust accounting information systems that are capable of processing and producing financial reports accurately and reliably.

Additionally, this research emphasizes the importance of training and raising awareness among employees about the appropriate use of the accounting information system. Microfinance institutions need to ensure that their staff are competent in using the AIS to ensure the integrity of the financial information reported.

Lastly, the results of this study also underscore the crucial role of corporate governance in the utilization and operation of the accounting information system. Microfinance institutions should establish strong internal control mechanisms to ensure that the AIS is used appropriately and that financial reporting is reliable and transparent.

Scientifically, this research contributes to the existing literature on AIS and the quality of financial information within the context of microfinance institutions in the DRC. It provides a deeper understanding of the impact of AIS on the quality of financial information in this specific sector.

Furthermore, this study can serve as a foundation for future research in the field of accounting and finance in the DRC. The findings of this study can be used as a starting point for further studies on the specific factors that influence the adoption and utilization of AIS, as well as its impact on the overall performance of microfinance institutions.

This research offers significant managerial implications for microfinance institutions, emphasizing the importance of adopting an effective accounting information system and employee training. Scientifically, this study contributes to the literature by providing new and valuable insights into the impact of AIS on the quality of financial information in microfinance institutions in the DRC. These managerial and scientific implications can be used to guide practical decision-making and inform future research in this field.

According to the perspectives, this research has examined the impact of the accounting information system on the quality of financial information in selected microfinance institutions in the DRC. To further this study, other research perspectives may include:

- A longitudinal study to assess the long-term impact of using the accounting information system on the quality of financial information.
- A comparative study to compare the findings of this research with those from other countries in the region or different sectors.
- An in-depth study to examine the organizational factors that influence the adoption and utilization of the accounting information system.

Although this research has provided a comprehensive analysis of the impact of the accounting information system on the quality of financial information in microfinance institutions in the DRC, other questions may arise, including:

- What is the impact of other organizational factors on the quality of financial information?
- How do national and international accounting standards influence the quality of financial information?

- How does the quality of financial information impact financing and investment decisions?

Despite the importance of this research, it has certain limitations, including:

- The selection of microfinance institutions was limited to only one province in the DRC, which may not be representative of all microfinance institutions in the country.
- The qualitative dimension of this research may be considered limited as it relies primarily on semi-structured interviews with a small number of respondents.

The main contributions of this research include:

- A better understanding of the importance of adopting an effective accounting information system to improve the quality of financial information in microfinance institutions.
- A better understanding of the factors that influence the utilization and effectiveness of the accounting information system in microfinance institutions in the DRC.
- Practical recommendations for microfinance institutions seeking to adopt or improve their accounting information system to ensure the quality of financial information.

Finally, this research offers valuable perspectives for further future research on the impact of the accounting information system on the quality of financial information in microfinance institutions. Despite the limitations to consider, the main contributions of this research provide valuable insights and recommendations for policymakers and professionals working in this field.

3.3 Discussion

Findings in table 7 demonstrated that the accounting information system measured by data retrieval has a positive and significant effect on timeliness of financial reporting in microfinances in DRC. This indicates that the retrieval of data can hinder the timelines of information system.

Findings are in line with Watson, (2012) revealed that what a company has done previously is to be analyzed critically by decision makers, especially board of directors or investors or owners even the partners and individuals.

Findings in table 7 demonstrated that the accounting information system measured by data collection, data storage, data processing and data retrieval has a positive and insignificant effect on verifiability of financial reporting in microfinances in DRC. The findings are in contrast with (Nwadialor, 2016) which found that verifiability quality of financial information helps in making sure that the economic events that have been entered in the accounting

records are verifiable if need be and that those evidences show the quantity and quality even legal form of accounting records.

The study showed that information disclosure also has a positive and significant effect on employees' value creation in selected microfinances in DRC.

Conclusion

The study was carried out on the effect of accounting information system on quality of financial reporting in selected microfinance in DRC. The targeted population was 120 and sample was 92. The findings were analyzed using both descriptive and inferential statistics using regression analysis. Findings on respondents' background information showed that, females' respondents were more than males. It further revealed that most respondents were diploma holders.

Findings revealed that respondents' perception on Accounting information system and Financial Reporting variables were at moderate level for many items such as data collection, data storage, data processing, data retrieval, faithful representation, comparability, understandability and timelines(mean=2.88, mean=2.99, mean=3.36, mean=3.89, mean=2.76, mean=2.88, mean=3.11, and mean=3.34). However, one item on verifiability is rated low (mean=2.43).

The findings demonstrated that the following financial reporting variables; data collection, data storage, and data retrieval have positive and significant influence on Faithful representation in microfinances in DRC.

The findings demonstrated that the following financial reporting variables; data storage and data retrieval have positive and significant influence on comparability of financial reporting in microfinances in DRC. The findings demonstrated that the following financial reporting variables; data storage, and data retrieval have positive and insignificant influence on understandability of financial reporting in microfinances in DRC.

The results from Table 8 revealed that the following financial reporting variables; data collection and data retrieval have positive and significant influence on timeliness of financial reporting in microfinances in. However, data collection, and data retrieval have negative and significant effect on timeliness of financial reporting.

The findings demonstrated that the following financial reporting variables; data collection, data storage, data processing and data retrieval have positive and insignificant influence on verifiability of financial reporting in microfinances in DRC.

The study has revealed that quantitative measurements used in this study have informed that the accounting information system has significant effect on faithful representation, relevance, understandability, comparability and timelines. The findings of this study have implications to employee's financial institutions and researchers working on the related variables of accounting information system and financial reporting.

The findings from the study provide relevant empirical evidence by showing that data collection, storage, processing and data retrieval as quantitative measures have significant effect on each of the variables of financial reporting in selected microfinances in DRC. This constituted statistical evidence and empirical foundation for the implications for the financial reporting in selected microfinances. The study concludes that financial reporting is subject to data collection, storage, processing and data retrieval while weaknesses of these subjects may dissatisfy financial reporting. The financial reporting is a derivative of faithful representation, comparability, understandability, timelines and verifiability.

The study concludes that financial reporting is positively predicted by data collection, data storage and data retrieval, while is negatively affected by data processing and, while quantitative measures indicated that accounting information system does not significantly affect the verifiability of financial reporting.

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