

Effect of Accounting Information System on Business Decision-Making Among Small and Medium Enterprises in Yola North, Adamawa State, Nigeria

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Abstract

This study examined the effect of Accounting Information Systems (AIS) on business decision-making of Small and Medium Enterprises (SMEs) in Yola North, Adamawa State, Nigeria. The study specifically investigated three components of AIS: record-keeping systems, financial reporting systems, and cash management systems, and their influence on managerial decision-making processes. The research was anchored on Decision-Usefulness Theory. A quantitative research approach was adopted using a cross-sectional survey research design. The population comprised 1,050 registered SMEs in Yola North across four sectors: Trade & Commerce, Manufacturing, Services, and Agriculture. A sample size of 290 was determined using Taro Yamane's formula, and a stratified random sampling technique was employed to ensure sectoral representation. Primary data were collected through structured questionnaires administered to SME owners and managers. Data were analysed using descriptive statistics, correlation analysis, and multiple regression analysis. The findings revealed that all three AIS components record-keeping systems, financial reporting systems, and cash management systems have positive and statistically significant effects on business decision-making. Record-keeping is significant influenced business decision-making, underscoring their foundational role in providing accurate data for informed decisions. The model explained 34.7% of the variance in business decision-making. The study concludes that effective implementation of AIS components significantly enhances decision-making capabilities, operational efficiency, and business sustainability among SMEs in Yola North. It recommended that, investing in affordable accounting software, regular preparation of financial reports, adoption of cash flow forecasting practices, and policy interventions to promote AIS adoption.

Keywords: Accounting Information System, Record-Keeping Systems, Financial Reporting Systems, Cash Management Systems, Business Decision-Making.

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1. Introduction

Small and Medium Enterprises (SMEs) play a pivotal role in the socio-economic development of nations, particularly in emerging economies such as Nigeria. SMEs contribute significantly to employment generation, innovation, poverty reduction, and the overall economic output of the country (Aladejebi & Oladimeji, 2019; Ibrahim, Ali, & Besar, 2021). In Yola, the capital of Adamawa State, SMEs constitute the backbone of the local economy. They operate across multiple sectors, including retail, agriculture, manufacturing, and services. The significance of SMEs in Nigeria cannot be overstated, as they account for approximately 48% of the national Gross Domestic Product (GDP) and employ over 80% of the country's workforce (SMEDAN, 2020). Despite their critical role, SMEs in Nigeria face numerous challenges, including limited access to finance, inadequate infrastructure, poor record-keeping practices, and limited adoption of technology-enabled systems.

Business Decision-Making refers to the process through which SME owners or managers analyze financial and operational information to make strategic, tactical, and operational choices that affect the organization's performance. Effective business decision-making ensures that SMEs optimize resource allocation, identify profitable opportunities, control costs, and mitigate risks (Ibrahim, Ali, & Besar, 2021). In SMEs, decision-making is often centralized, with owner-managers relying heavily on available financial and operational data. For SMEs in Yola, the ability to make timely and accurate decisions is critical for survival and growth, particularly in an environment characterized by limited access to credit, fluctuating market demands, and competition from larger enterprises (Aladejebi & Oladimeji, 2019; Yeye, Onyemere, Ale, & Okowa, 2024). Decisions made without access to reliable accounting information may lead to financial mismanagement, misallocation of resources, and reduced business sustainability.

Accounting Information Systems (AIS) are crucial tools that facilitate informed decision-making. Record-keeping systems, financial reporting systems, and cash management systems form the core mechanisms through which financial and operational data are collected, processed, and utilized to guide business decisions. AIS integrates conventional accounting practices with modern information technology tools to ensure that financial transactions are accurately recorded, analyzed, and reported. The primary purpose of an AIS is to provide timely, relevant, and reliable information that managers and business owners can use to make informed business decisions, particularly in planning, controlling, and evaluating business performance (Romney & Steinbart, 2020; Trabulsi, 2018).

Record-keeping systems involve the systematic documentation of financial transactions, including accounts receivable, accounts payable, inventory, and daily cash operations (Charo, 2020; Ochieng, Nyamita, & Lucas, 2025). Accurate record-keeping provides SMEs with a reliable historical financial record, which is essential for monitoring performance, ensuring regulatory compliance, and planning future operations. Studies have shown that SMEs with effective record-keeping practices are better positioned to make strategic decisions about investment, procurement, and cost management (Aladejebi & Oladimeji, 2019; Sooriyakumaran, 2020). In the context of Yola, many SMEs still rely on manual bookkeeping, which increases the likelihood of errors, delays in information retrieval, and difficulties in tracking business performance (Muteti, Namusonge, & Nzomo, 2018). Implementing structured record-keeping systems allows SME managers to access reliable, accurate, and timely financial data, which serves as the foundation for informed decision-making.

Financial reporting systems consolidate the data recorded in accounting records into structured formats such as income statements, balance sheets, and cash flow statements (Emmanuel & Chengelela, 2025; Ibrahim, Ali, & Besar, 2021). These reports synthesize complex financial transactions into actionable insights, enabling SME managers to assess organizational performance, profitability, liquidity, and operational efficiency. The availability of timely and reliable financial reports enhances the capacity of SME managers to make informed decisions regarding investments, budget allocations, and operational strategies (Yeye et al., 2024). In Yola, SMEs often operate in volatile and competitive market environments, where accurate financial reporting is essential for identifying trends, forecasting performance, and mitigating risks. Research indicates that SMEs with well-structured financial reporting systems are more likely to achieve sustainable growth and remain competitive compared to those relying on ad hoc or informal reporting methods (Nyathi et al., 2018; Charo, 2020).

Cash management systems, the third component of AIS in this study, are designed to monitor and control cash inflows and outflows to maintain adequate liquidity for operational and strategic purposes (Ochieng et al., 2025; Emmanuel & Chengelela, 2025). Effective cash management enables SMEs to make informed decisions regarding working capital, debt servicing, investment opportunities, and operational expenditures. Cash flow management is particularly critical for SMEs in Yola, where access to external financing may be limited, and operational activities are often cash-dependent (Muteti et al., 2018). Inefficient cash management can result in liquidity crises, missed payments, and disruptions to day-to-day business activities (Okoh, Amahi, & Agbadua, 2023). Consequently, robust cash management systems enhance the financial stability of SMEs and provide managers with timely information to make strategic and operational decisions that support growth and sustainability.

The importance of AIS in SMEs cannot be overstated. AIS integrates financial processes to improve the accuracy, efficiency, and accessibility of information, thereby facilitating effective decision-making (Karigha, 2022). For SMEs in Yola, AIS adoption mitigates the challenges associated with limited professional accounting support, reduces errors in financial records, and provides actionable insights that drive strategic planning and operational efficiency (Ibrahim et al., 2021). Empirical evidence indicates that SMEs that adopt structured AIS demonstrate improved financial performance, enhanced operational efficiency, and increased business sustainability compared to those relying solely on manual accounting practices (Ochieng et al., 2025; Yeye et al., 2024; Sooriyakumaran, 2020).

Despite the increasing availability of affordable accounting software, mobile bookkeeping applications, and other digital accounting tools, many SMEs still experience weak business decision-making because access to technology does not necessarily guarantee its effective utilization (Lutfi, 2022; Al-Okaily et al., 2023). The practical difficulty is no longer simply whether accounting technology is available, but whether SME owners and managers possess the skills and discipline required to use it consistently to generate reliable information for decision-making (Mahama & Dahlan, 2022; Al-Hattami & Kabra, 2024). In many enterprises, transactions are recorded irregularly, business and personal funds are mixed, and information on sales, expenses, debtors, creditors, inventory, and cash balances is incomplete or not updated promptly (Aladejebi & Oladimeji, 2019; Okoh et al., 2023). Consequently, the presence of accounting software does not automatically produce useful accounting information when the data entered are inaccurate, incomplete, or outdated (Wahyuni, 2023).

This situation creates a serious managerial problem for SMEs operating in Yola North's uncertain and resource-constrained business environment. Owners may set prices without knowing the full cost of goods or services, purchase inventory without dependable sales and stock records, grant credit without properly monitoring receivables, and commit funds without forecasting future cash requirements. Studies indicate that inadequate accounting records and weak financial management practices reduce the ability of SME owners to monitor performance, control costs, manage liquidity, and make informed operational decisions (Aladejebi & Oladimeji, 2019; Okoh et al., 2023; Yeye et al., 2024). Financial reports may also be generated mainly for tax, loan, or regulatory purposes without being interpreted and applied to routine managerial decisions. As a result, decisions continue to depend heavily on memory, intuition, and immediate cash balances rather than timely accounting evidence. Such practices can result in avoidable cash shortages, excess or insufficient inventory, poor cost control, inability to identify profitable activities, and missed opportunities for business growth (Nyathi et al., 2018; Ibrahim et al., 2021).

The persistence of these problems suggests a gap between acquiring accounting software and converting its outputs into decision-useful information. Limited accounting knowledge, inadequate training, poor data-entry discipline, irregular preparation of financial reports, the cost of maintaining digital systems, and unreliable electricity or internet services may prevent SMEs from obtaining the expected decision-making benefits of AIS (Abdulle et al., 2019; Mahama & Dahlan, 2022; Al-Hattami & Kabra, 2024). Although previous studies have established that accounting information systems can improve organizational performance and managerial decision-making, much of the available evidence comes from geographical and business environments outside Yola North (Trabulsi, 2018; Siyanbola et al., 2019; Al-Okaily et al., 2023). Therefore, the extent to which the core AIS practices of record-keeping, financial reporting, and cash management improve business decision-making among SMEs in Yola

North has not been sufficiently established. This study examined these components separately to determine where the practical weaknesses lie and provide evidence for interventions that extend beyond encouraging software acquisition to ensuring its effective use in business decision-making.

The main objective of the study is to examine the effect of accounting information system on business decision-making of small and medium enterprises in Yola North, Adamawa State. The specific objectives are:

- i. to examine the effect of record-keeping systems on business decision-making among SMEs in Yola North, Adamawa State;
- ii. to determine the effect of financial reporting systems on business decision-making of SMEs in Yola North, Adamawa State; and
- iii. to assess the effect of cash management systems on business decision-making of SMEs in Yola North, Adamawa State.

2. Literature Review

2.1 Conceptual Clarification

Accounting Information System

An Accounting Information System (AIS) represents the interaction of people, procedures, accounting records, internal controls, data-processing technologies, and reporting mechanisms used to manage an organisation's financial information. Its function extends beyond recording transactions; it transforms raw financial data into relevant, reliable, understandable, and timely information for planning, controlling operations, evaluating performance, and making decisions (Romney & Steinbart, 2020; Ibrahim et al., 2021). Within SMEs, an AIS may range from basic manual bookkeeping procedures to computerized or cloud-based accounting applications, depending on the enterprise's resources, technical competence, and information requirements (Lutfi, 2022; Al-Hattami & Kabra, 2024). AIS integrates conventional accounting practices with modern information technology tools to ensure that financial transactions are accurately recorded, analyzed, and reported. The primary purpose of an AIS is to provide timely, relevant, and reliable information that managers and business owners can use to make informed business decisions, particularly in planning, controlling, and evaluating business performance (Romney & Steinbart, 2020; Trabulsi, 2018). Accounting Information Systems (AIS) are specialized systems designed to collect, store, process, and report financial and accounting data to facilitate informed decision-making by managers and other stakeholders (Lutfi, 2022). AIS integrates accounting principles with modern information technology tools, enabling organizations to manage financial transactions efficiently, prepare accurate reports, and support strategic planning (Siyanbola, Maduemem, & Ogbemor, 2019). In the context of SMEs, AIS serves as a critical enabler for enhancing operational efficiency, improving financial management, and providing timely information for business decisions (Huy & Phuc, 2025).

Record-Keeping Systems

Record-keeping systems are fundamental components of any business organization, forming the backbone of its accounting information system (AIS). At their core, record-keeping systems involve the systematic collection, storage, organization, and retrieval of financial and operational data that supports decision-making processes (Dlamini & Van Zyl, 2020). In SMEs, record-keeping provides a structured way to capture transactions, monitor assets and liabilities, track revenues and expenses, and ensure regulatory compliance (Ahmed & Ahmed, 2019). The accuracy and reliability of these records are directly linked to the effectiveness of financial reporting systems and, by extension, the quality of business decisions (Rashid et al., 2022). Record-keeping systems are particularly critical for small and medium enterprises (SMEs), which often face limited financial and human resources. In contexts such as Yola, record-keeping allows SMEs to maintain control over cash flow, monitor business performance, and plan for growth despite resource constraints (Ojo, 2021). Accurate record-keeping enables business owners to identify trends in sales, expenditures, and profits, thereby providing a foundation for strategic decisions such as budgeting, pricing, and expansion. Moreover, it enhances transparency and accountability, which are crucial for gaining trust from investors, customers, and regulatory authorities (Fasina & Abiola, 2020).

Financial Reporting Systems

Financial reporting systems (FRS) are essential components of Accounting Information Systems (AIS) that transform raw accounting data into structured and meaningful financial reports for decision-making purposes (Al-Hattami & Kabra, 2024). These systems collect, process, and summarize financial information from transactions recorded in the business and present them in the form of income statements, balance sheets, cash flow statements, and statements of changes in equity. The primary goal of financial reporting systems is to provide accurate, timely, and relevant information that enables business managers and owners to make informed decisions regarding operational activities, investment strategies, and overall financial management (Flayyih & Mohammed, 2019). In the context of small and medium enterprises (SMEs), financial reporting systems play a critical role in enhancing managerial capacity and organizational sustainability. Unlike large corporations, SMEs often operate with limited resources and rely heavily on structured financial reports to monitor performance, assess profitability, and make strategic choices (Ibrahim, Ali, & Besar, 2021). Effective financial reporting allows SME owners to plan budgets, allocate resources efficiently, and respond to emerging business opportunities or threats. In developing regions such as Yola, Nigeria, where many SMEs operate in informal or semi-formal business environments, adopting structured financial reporting practices ensures transparency, improves accountability, and facilitates compliance with regulatory requirements (Mahama & Dahlan, 2022).

The applications of financial reporting systems in SMEs extend beyond merely meeting regulatory requirements. They serve as tools for operational control, providing insights into cash flow patterns, expenditure trends, and revenue generation. Strategic applications include forecasting future performance, assessing investment opportunities, and planning for growth initiatives (Ciza, Kamdjoug, & Biga-Diambeidou, 2025). In Yola North, SMEs frequently rely on cash-based transactions, making accurate financial reporting systems vital for formalizing financial records and supporting management decisions.

Cash Management Systems

Cash management systems (CMS) are integral components of Accounting Information Systems (AIS), designed to ensure the effective monitoring, control, and utilization of cash resources within an organization (Emmanuel & Chengelela, 2025). Cash management involves planning and controlling cash inflows and outflows to maintain sufficient liquidity for operational needs, debt obligations, and investment opportunities. For small and medium enterprises (SMEs), efficient cash management is crucial as it directly affects the firm's ability to survive, grow, and compete in dynamic market environments (Okoh, Amahi, & Agbadua, 2023). Unlike large corporations, SMEs often operate under tight cash constraints and rely heavily on internal cash flows to fund operations, making the adoption of structured cash management systems critical for financial stability and decision-making. The primary objective of cash management systems is to optimize cash resources by balancing liquidity and profitability. Excess cash holdings may lead to underutilized resources, whereas insufficient cash can result in operational disruptions, missed opportunities, or insolvency (Rashid, Khan, & Anwar, 2022). A well-designed CMS enables SMEs to track daily cash movements, forecast cash requirements, and plan for short-term and long-term obligations. It also allows managers to identify cash surpluses or deficits and take corrective actions, such as securing short-term financing, adjusting payment schedules, or prioritizing expenditures (Al-Hattami & Kabra, 2024).

Business Decision-Making

Business decision-making refers to the systematic process by which managers and entrepreneurs identify, evaluate, and select the best course of action to achieve organizational objectives (Nyathi et al., 2018). Decision-making is central to the success of small and medium enterprises (SMEs), as it directly impacts operational efficiency, financial sustainability, and strategic growth. SMEs often operate in highly dynamic and resource-constrained environments, where timely and informed decisions are essential for survival and competitiveness (Al-Hattami & Kabra, 2024). The quality of business decisions in SMEs is influenced not only by financial data but also by non-financial information such as customer behavior, market trends, and operational performance (Renaldo & Putri, 2021).

Effective decision-making in SMEs involves evaluating financial, operational, and strategic data to optimize performance, minimize risks, and enhance profitability. Accounting Information Systems (AIS) play a pivotal role in supporting these decisions by providing timely and accurate financial information to managers (Al-Hattami, 2024). The decision-making process in SMEs can be both structured and unstructured. Structured decisions, such as budgeting and inventory management, rely heavily on historical data and predefined procedures, while unstructured decisions, such as market expansion and product development, require judgment, intuition, and strategic insights (Christanty & Nugroho, 2023). AIS enhances the quality of both types of decisions by integrating real-time financial reporting, predictive analytics, and operational monitoring into daily business processes.

Business Decision-Making and Accounting Information System

Business decision-making involves selecting appropriate courses of action concerning pricing, budgeting, investment, resource allocation, cost control, inventory, and business expansion. The quality of these decisions depends substantially on the relevance, accuracy, and timeliness of the information available to SME owners and managers. Where reliable accounting information is unavailable, managers may depend on intuition, memory, or incomplete records, thereby increasing uncertainty and the likelihood of poor decisions (Nyathi et al., 2018).

Accounting Information Systems improve business decision-making by capturing, processing, storing, and communicating financial and operational information. They provide managers with reliable evidence for evaluating alternative courses of action and selecting decisions that support organisational objectives (Al-Hattami & Kabra, 2024). For SMEs in Yola North, an effective AIS can support decisions relating to cash-flow planning, expenditure control, investment, budgeting, pricing, and resource allocation. Thus, the effective use of AIS is expected to improve the accuracy, timeliness, and overall quality of business decisions by reducing errors, information gaps, and managerial uncertainty (Renaldo & Putri, 2021; Sabri & Rapani, 2022).

Business Decision-Making and Record-Keeping Systems

Effective business decision-making requires complete and up-to-date information about previous and current business transactions. SME managers need records of sales, purchases, operating expenses, inventory, receivables, payables, and cash balances to evaluate performance and determine appropriate future actions. When these records are incomplete or disorganised, managers may make inaccurate budgets, allocate resources inefficiently, delay payments, grant excessive credit, or purchase inappropriate quantities of inventory (Okoh et al., 2023).

Record-keeping systems enhance business decision-making by ensuring that financial and operational transactions are systematically documented, classified, stored, and made available when required (Ahmed & Ahmed, 2019). Properly maintained records allow managers to compare previous and current performance, identify financial trends, forecast future outcomes, and assess alternative decisions. They also provide the basic data required by financial reporting and cash management systems. Therefore, the accuracy, completeness, and timeliness of record-keeping are expected to positively influence the quality of business decisions among SMEs in Yola North (Muteti et al., 2018; Siswanto & Aqdam, 2024).

Business Decision-Making and Financial Reporting Systems

Business decision-making requires summarized information that allows managers to understand the financial position and performance of their enterprises. Decisions concerning investment, borrowing, expansion, pricing, expenditure reduction, and resource allocation cannot be made effectively when managers lack information about profitability, liquidity, solvency, and operating efficiency. Depending solely on raw transaction records may also make it difficult for SME owners to identify important financial patterns and problems.

Financial reporting systems improve business decision-making by transforming raw accounting records into structured reports such as income statements, statements of financial position, and cash-flow statements (Al Astal, 2024; Lutfi, 2022). These reports enable managers to assess financial performance, compare actual outcomes with planned targets, identify financial risks, and evaluate alternative courses of action. For SMEs in Yola North, the regular preparation and interpretation of financial reports can reduce uncertainty and support evidence-based decisions regarding budgeting,

investment, financing, and operational planning. Consequently, effective financial reporting systems are expected to have a positive effect on business decision-making (Ojo, 2021; Rashid et al., 2022).

Business Decision-Making and Cash Management Systems

Many operational and strategic decisions made by SMEs depend on the availability of cash. Decisions regarding supplier payments, employee salaries, inventory purchases, loan repayments, business expansion, and investment opportunities require accurate information about present and expected cash positions. When managers lack this information, they may commit funds that are unavailable, maintain excessive idle cash, fail to meet short-term obligations, or miss profitable investment opportunities.

Cash management systems support business decision-making by providing information about cash inflows, cash outflows, available balances, and future liquidity requirements. Through cash-flow monitoring and forecasting, managers can anticipate cash shortages or surpluses and take appropriate actions before financial difficulties arise (Okoh et al., 2023). This is particularly important for SMEs in Yola North, where business activities are highly dependent on cash and access to external finance may be limited. Effective cash management systems are therefore expected to improve the timeliness and quality of decisions concerning working capital, expenditure, borrowing, investment, and liquidity management (Rashid et al., 2022; Mahama & Dahlan, 2022).

Business decision-making is the outcome variable, while record-keeping systems, financial reporting systems, and cash management systems are the explanatory components of AIS. The relationship begins when record-keeping systems capture financial transactions. Financial reporting systems transform the recorded data into meaningful reports, while cash management systems provide specific information about liquidity and cash requirements. Managers then use the information generated by these systems to evaluate alternatives and make operational, tactical, and strategic decisions.

Accordingly, effective business decision-making depends on the quality of information generated by AIS. Accurate records, meaningful financial reports, and reliable cash-flow information reduce uncertainty and enable managers to make timely and evidence-based decisions.

2.2 Theoretical Review

This study examines business decision-making as the dependent variable and Accounting Information System (AIS) as the independent variable, measured through record-keeping systems, financial reporting systems, and cash management systems. The theoretical review therefore begins by explaining how managers make decisions and then considers how accounting information supports those decisions. Three theories; Decision-Usefulness Theory, the Technology Acceptance Model, and the Resource-Based View are reviewed. However, Decision-Usefulness Theory is the most relevant and is adopted as the principal theory underpinning the study.

Decision-Usefulness Theory

Decision-Usefulness Theory developed from the view that the fundamental purpose of accounting information is to assist users in making informed economic decisions. The theory holds that accounting information becomes useful when it possesses qualities such as relevance, faithful representation, comparability, understandability, verifiability, and timeliness (Scott, 2018; IASB, 2018). Therefore, accounting records and financial reports should not be prepared merely to satisfy regulatory requirements; they should provide information that reduces uncertainty and assists users in evaluating alternative courses of action.

From the perspective of business decision-making, SME owners and managers require reliable information when making decisions concerning pricing, budgeting, inventory, credit, investment, cash-flow planning, and business expansion. When such information is inaccurate, incomplete, or unavailable, decisions may be based on intuition, memory, or immediate cash balances. Decision-Usefulness Theory therefore explains that the quality of a managerial decision depends, to a considerable extent, on the quality of the accounting information available to the decision-maker.

AIS supports this decision-making process through its interconnected components. Record-keeping systems capture and preserve transaction data; financial reporting systems summarize these data into meaningful financial reports; while cash management systems provide information about cash inflows, cash outflows, and liquidity requirements. When these systems produce relevant, accurate, reliable, and

timely information, SME managers can evaluate alternatives more objectively and make better operational and strategic decisions (Al-Hattami & Kabra, 2024).

In the context of SMEs in Yola North, Decision-Usefulness Theory suggests that merely possessing accounting software is insufficient. The system must generate information that owners and managers can understand and apply when making business decisions. If transactions are not recorded regularly, reports are not prepared and interpreted, or cash movements are not properly monitored, the resulting accounting information will have limited decision usefulness. The theory therefore establishes a direct connection between the quality of AIS outputs and the effectiveness of business decision-making.

Technology Acceptance Model

The Technology Acceptance Model was developed by Davis (1989) to explain individuals' acceptance and use of information technology. The model proposes that perceived usefulness and perceived ease of use are the major factors influencing a person's intention to adopt and use a technological system. Perceived usefulness refers to the extent to which a person believes that using a system will improve performance, while perceived ease of use concerns the extent to which the system is considered free from excessive effort (Venkatesh & Davis, 2000).

Regarding business decision-making, SME owners may obtain the expected benefits of AIS only when they are willing and able to use the system. Managers who perceive an accounting system as useful and easy to operate are more likely to use it regularly for recording transactions, preparing reports, monitoring cash flow, and supporting decisions. Conversely, perceived complexity, inadequate technical skills, limited awareness, and resistance to technology may discourage effective AIS usage (Alshirah et al., 2021; Lutfi, 2022).

TAM is relevant to this study because it helps explain why the increasing availability of accounting software may not automatically result in better business decisions. Nevertheless, its relevance is limited because the study does not directly measure perceived usefulness, perceived ease of use, behavioural intention, or AIS adoption. The study measures the effect of AIS components on business decision-making after the systems or practices have been adopted. Therefore, TAM may be used as a supporting theory, but it should not be the principal theory underpinning the study.

Resource-Based View

The Resource-Based View, associated with Barney (1991), explains that differences in organisational performance arise from differences in the resources and capabilities controlled by firms. According to the theory, resources capable of producing sustainable competitive advantage should be valuable, rare, difficult to imitate, and non-substitutable. These resources may include physical assets, employee knowledge, organisational processes, information systems, and managerial capabilities.

From the perspective of business decision-making, AIS may be regarded as an internal organisational resource that improves an enterprise's ability to collect, process, interpret, and use financial information. The value of AIS does not depend solely on the software acquired but also on complementary capabilities such as accounting knowledge, employee competence, consistent record-keeping, financial analysis, and managerial use of information. SMEs that combine these resources effectively may make more informed decisions and operate more efficiently than businesses relying on informal accounting practices (Nguyen et al., 2019; Sabri & Rapani, 2022).

RBV is relevant in demonstrating that AIS and accounting competence can constitute valuable internal resources. However, the theory is less directly related to the present study because its main outcome is normally firm performance, competitive advantage, or organisational sustainability. These outcomes are not the dependent variable of the present study. Therefore, RBV may provide supplementary support, but it is not the most suitable principal theory.

Among the three theories reviewed, Decision-Usefulness Theory is the most relevant and is adopted as the principal theory underpinning this study. The study is concerned with whether accounting information generated through record-keeping, financial reporting, and cash management systems improves business decision-making among SMEs in Yola North. This concern corresponds directly with the central proposition of Decision-Usefulness Theory, that accounting information should help users make informed economic and managerial decisions.

The theory establishes a direct relationship between the study variables. Record-keeping systems provide the underlying transaction data; financial reporting systems transform the data into understandable financial reports; and cash management systems provide information about liquidity and future cash requirements. When the information generated through these components is relevant, accurate, reliable, complete, and timely, it reduces managerial uncertainty and enhances decisions concerning pricing, budgeting, inventory, credit, investment, resource allocation, and business expansion.

TAM is only indirectly relevant because it explains technology adoption and usage behaviour, whereas AIS adoption variables are not measured in the study. RBV is also indirectly relevant because it focuses principally on resources, competitive advantage, and firm performance, which are not the main outcomes examined. Decision-Usefulness Theory is therefore the most appropriate because it directly explains the relationship between the AIS components and business decision-making.

2.3 Empirical Review

The empirical literature on the effect of Accounting Information Systems (AIS) on business decision-making has expanded significantly over the past decade, particularly in the context of small and medium enterprises (SMEs) in developing economies. Scholars have increasingly examined how AIS components such as record-keeping systems, financial reporting systems, and cash management systems contribute to improved managerial decisions, organizational performance, and sustainability.

Al-Hattami and Kabra (2024) conducted a quantitative study among SMEs in Yemen and found that AIS significantly enhances management control systems, which in turn improve the quality of business decisions. Their findings revealed that SMEs using integrated AIS platforms exhibited higher levels of budgeting accuracy, cost control, and financial forecasting capabilities. Similarly, Lutfi (2022), in a study of Jordanian SMEs, reported that cloud-based AIS adoption positively influences strategic and operational decision-making by providing real-time financial data and analytical tools. The study emphasized that AIS reduces uncertainty and enhances managerial confidence in decision processes.

Okoh, Amahi, and Agbadua (2023) examined the relationship between accounting systems and SME financial performance. Using survey data and regression analysis, the authors found that SMEs with structured accounting systems demonstrated superior decision-making capacity, particularly in resource allocation and liquidity management. Their findings align with those of Ojo (2021), who observed that effective financial reporting practices significantly influence strategic planning and investment decisions among Nigerian SMEs. These studies highlight the importance of reliable accounting data in improving decision outcomes in resource-constrained environments similar to Yola.

Muteti, Namusonge, and Nzomo (2018) investigated SMEs in Kenya and concluded that proper record-keeping significantly improves financial transparency and managerial planning. Their findings indicated that SMEs maintaining accurate and systematic records were better positioned to make informed decisions regarding credit management, inventory control, and expansion strategies. Ahmed and Ahmed (2019) similarly reported that accurate record-keeping positively correlates with profitability and decision-making effectiveness in small businesses. The study emphasized that inadequate documentation often leads to poor financial analysis and suboptimal decisions.

Rashid, Khan, and Anwar (2022) studied SMEs in South Asia and reported that structured financial reporting enhances strategic decision-making by providing managers with insights into profitability, liquidity, and solvency. Their regression analysis confirmed a statistically significant relationship between the quality of financial reports and managerial decision accuracy. Similarly, Alshirah et al. (2021) found that SMEs utilizing comprehensive financial reporting systems were more likely to engage in evidence-based planning and risk assessment.

Emmanuel and Chengelela (2025) examined small enterprises in East Africa and found that efficient cash management practices significantly influence operational decisions and financial sustainability. Their study revealed that SMEs with structured cash flow monitoring systems were more capable of meeting short-term obligations and planning long-term investments. Similarly, Mahama and Dahlan (2022) highlighted the role of digital accounting applications in improving cash flow visibility, enabling SMEs to make timely decisions regarding payments, investments, and expansion.

Despite the extensive literature, gaps remain regarding localized empirical evidence in specific regions such as Yola. Most studies focus on urban or national-level analyses, with limited attention to SMEs operating in semi-urban or developing regions with infrastructural challenges. Furthermore, while many studies examine AIS as a whole, fewer isolate the specific contributions of record-keeping, financial reporting, and cash management systems to decision-making outcomes. This gap underscores the need for empirical research focusing on SMEs in Yola to determine how these components individually and collectively influence business decision-making.

3. Methodology

This study adopted a quantitative research approach using a cross-sectional survey research design. The cross-sectional design was considered appropriate because data were collected from SME owners/managers in Yola North at a single point in time to examine the relationship between Accounting Information System components and business decision-making. The survey method enabled the researcher to gather standardized responses through structured questionnaires. This design is suitable for studies that seek to establish relationships between variables and test hypotheses using statistical techniques such as regression analysis. The population of the study comprised 1,050 registered Small and Medium Enterprises (SMEs) operating in Yola North, Adamawa State. The study focused on SMEs across selected sectors including trade, manufacturing, services, and agriculture. For the purpose of this study, the accessible population consisted of registered SMEs obtained from the Adamawa State Ministry of Commerce and Industry and SMEDAN directory (2025). The sample size was determined using Taro Yamane's (1967) formula for finite populations:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample size

N = Population size (1,050)

e = Margin of error (5% or 0.05)

$$n = \frac{1050}{1 + 1050(0.05)^2} = \frac{1050}{1 + 1050(0.0025)} = \frac{1050}{1 + 2.625} = \frac{1050}{3.625} = 290$$

Therefore, the sample size for this study was 290 SMEs. A stratified random sampling technique was adopted to ensure representation across sectors. The population was first divided into four strata (Trade, Manufacturing, Services, Agriculture), and proportionate sampling was used to select respondents from each sector. This study relied solely on primary data. Data were collected through structured questionnaires administered to SME owners and managers in Yola. The questionnaire was divided into sections covering demographic information and variables relating to Accounting Information System components and business decision-making.

Model Specification

To examine the effect of AIS components on business decision-making, the study adopted a multiple regression model:

$$BDM = \beta_0 + \beta_1 RKS + \beta_2 FRS + \beta_3 CMS + \beta_4 FS + \beta_5 FA + \epsilon$$

Where:

BDM = Business Decision-Making

RKS = Record-Keeping Systems

FRS = Financial Reporting Systems

CMS = Cash Management Systems

FS = Firm Size (Control variable)

FA = Firm Age (Control variable)

β_0 = Intercept

β_1 – β_5 = Coefficients

ε = Error term

4. Results And Discussion

Table 1: Descriptive Statistics

Variable	Composite Mean	Standard Deviation
Record-Keeping Systems (RKS)	3.80	0.86
Financial Reporting Systems (FRS)	3.78	0.87
Cash Management Systems (CMS)	3.70	0.88
Business Decision-Making (BDM)	3.88	0.82

Source: Field Survey, 2026

Table 1 above reveal that SME owners/managers in Yola North perceive all AIS components positively, with composite mean scores ranging from 3.70 to 3.88 on a 5-point Likert scale. Business decision-making had the highest composite mean (3.88), followed by record-keeping systems (3.80), financial reporting systems (3.78), and cash management systems (3.70). The relatively high mean scores indicate that respondents recognize the importance of AIS for business operations and decision-making. However, the moderate scores suggest that there is still room for improvement in the implementation and utilization of these systems.

Reliability Test (Cronbach's Alpha)

Reliability refers to the consistency and stability of the research instrument. Cronbach's alpha coefficient was used to assess the internal consistency of the questionnaire items for each construct. According to Nunnally (1978), a Cronbach's alpha value of 0.70 or higher is considered acceptable for research purposes.

Table 2: Reliability Statistics

Variable	Number of Items	Cronbach's Alpha	Interpretation
Record-Keeping Systems (RKS)	8	0.832	Highly Reliable
Financial Reporting Systems (FRS)	8	0.845	Highly Reliable
Cash Management Systems (CMS)	8	0.827	Highly Reliable
Business Decision-Making (BDM)	8	0.861	Highly Reliable

Source: Field Survey, 2026

Table 2 shows that all four constructs had Cronbach's alpha values above 0.70, ranging from 0.827 to 0.861. This indicates that the questionnaire items for each variable have high internal consistency and are reliable for measuring the intended constructs. The highest reliability was recorded for business decision-making (0.861), followed by financial reporting systems (0.845), record-keeping systems (0.832), and cash management systems (0.827).

Correlation Analysis

Correlation analysis was conducted to examine the direction and strength of the relationships between the independent variables and the dependent variable. Pearson product-moment correlation coefficient was used.

Table 2: Correlation Matrix

Variables	BDM	RKS	FRS	CMS
Business Decision-Making (BDM)	1.000			
Record-Keeping Systems (RKS)	0.512**	1.000		
Financial Reporting Systems (FRS)	0.489**	0.451**	1.000	
Cash Management Systems (CMS)	0.467**	0.398**	0.412**	1.000

**Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output, 2026

The correlation matrix reveals moderate, positive, and statistically significant relationships between all AIS components and business decision-making. Record-keeping systems had the strongest correlation with business decision-making ($r = 0.512$, $p < 0.01$), followed by financial reporting systems ($r = 0.489$, $p < 0.01$), and cash management systems ($r = 0.467$, $p < 0.01$). The independent variables also showed significant positive correlations with each other, indicating that the AIS components are interrelated but not highly collinear, which is appropriate for regression analysis.

4.1 Diagnostic Tests

Before conducting multiple regression analysis, diagnostic tests were performed to ensure that the data met the assumptions of ordinary least squares (OLS) regression.

Table 4: Summary of Diagnostic Tests

Test	Statistic	p-value	Decision
Multicollinearity (VIF)	1.383–1.468	-	No Concern
Normality (Shapiro-Wilk)	0.987	0.124	Satisfied
Heteroscedasticity (Breusch-Pagan)	4.862	0.182	Not Present
Linearity (Ramsey RESET)	1.342	0.264	Satisfied

Source: SPSS Output, 2026

All diagnostic tests confirmed that the data met the regression assumptions. The VIF values were well below 10 (ranging from 1.383 to 1.468), indicating no multicollinearity problems. The Shapiro-Wilk test showed a p-value of 0.124, indicating normally distributed residuals. The Breusch-Pagan test showed a p-value of 0.182, indicating homoscedasticity. The Ramsey RESET test showed a p-value of 0.264, confirming the linearity assumption.

Multiple Regression Analysis

Multiple regression analysis was conducted to examine the effect of record-keeping systems, financial reporting systems, and cash management systems on business decision-making of SMEs in Yola.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.589	0.347	0.335	0.412

Source: SPSS Output, 2026

The model has an R-value of 0.589, indicating a moderate positive correlation between the independent variables and the dependent variable. The R Square value of 0.347 means that approximately 34.7% of the variance in business decision-making is explained by the three independent variables and control variables. The Adjusted R Square value of 0.335 accounts for the number of predictors in the model.

Table 6: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	23.456	5	4.691	27.634	0.000
Residual	44.128	262	0.168		
Total	67.584	267			

Source: SPSS Output, 2026

The ANOVA results show that the regression model is statistically significant, with $F(5, 262) = 27.634$, $p < 0.001$. This indicates that the independent variables collectively have a significant effect on business decision-making.

Table 7: Regression Coefficients

Variable	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	t	Sig.	Decision
(Constant)	0.845		5.029	0.000	
RKS	0.312	0.298	5.379	0.000	Significant
FRS	0.256	0.234	4.197	0.000	Significant
CMS	0.218	0.213	4.037	0.000	Significant
FS	0.045	0.058	1.184	0.238	Not Significant
FA	0.032	0.041	0.780	0.436	Not Significant

Source: SPSS Output, 2026

The regression analysis reveals that all three AIS components have positive and statistically significant effects on business decision-making. Record-keeping systems have the strongest effect ($\beta = 0.312$, $p = 0.000$), followed by financial reporting systems ($\beta = 0.256$, $p = 0.000$), and cash management systems ($\beta = 0.218$, $p = 0.000$). The control variables (firm size and firm age) did not have statistically significant effects on business decision-making ($p > 0.05$ for both).

The regression equation can be expressed as:

$$BDM = 0.845 + 0.312(RKS) + 0.256(FRS) + 0.218(CMS) + 0.045(FS) + 0.032(FA) + \epsilon$$

4.2 Discussion of Findings

Effect of Record-Keeping Systems on Business Decision-Making

The first research objective was to examine the effect of record-keeping systems on business decision-making among SMEs in Yola North. The regression analysis revealed that record-keeping systems have a positive and statistically significant effect on business decision-making ($\beta = 0.312$, $p = 0.000$). This finding indicates that SMEs with more structured and accurate record-keeping practices tend to make better business decisions.

This result aligns with the findings of Muteti, Namusonge, and Nzomo (2018), who concluded that proper record-keeping significantly improves financial transparency and managerial planning in Kenyan SMEs. Similarly, Ahmed and Ahmed (2019) found that accurate record-keeping positively correlates with profitability and decision-making effectiveness in small businesses. The study by Nyathi, Nyoni, and Nyoni (2018) also supported this finding, showing that accounting information derived from systematic record-keeping plays a vital role in guiding business decisions.

The theoretical basis for this finding is grounded in the Decision-Usefulness Theory (Scott, 2018), which posits that accounting information should possess qualitative characteristics such as relevance, reliability, and timeliness to support rational decision-making. Record-keeping systems generate the foundational data that meets these characteristics, enabling SME managers to make informed decisions about resource allocation, pricing, budgeting, and expansion strategies.

In the context of Yola North, where many SMEs operate with limited financial resources, accurate record-keeping provides the historical data necessary for monitoring performance, identifying trends, and planning future operations. The findings suggest that improving record-keeping practices could significantly enhance decision-making capabilities among SMEs in the region.

Effect of Financial Reporting Systems on Business Decision-Making

The second research objective was to determine the effect of financial reporting systems on business decision-making of SMEs in Yola North. The regression analysis showed that financial reporting systems have a positive and statistically significant effect on business decision-making ($\beta = 0.256$, $p = 0.000$). This indicates that SMEs that prepare and utilize financial reports are more likely to make effective business decisions.

This finding is consistent with the empirical evidence from Rashid, Khan, and Anwar (2022), who reported that structured financial reporting enhances strategic decision-making by providing managers with insights into profitability, liquidity, and solvency. Alshirah et al. (2021) similarly found that SMEs utilizing comprehensive financial reporting systems were more likely to engage in evidence-based planning and risk assessment. The study by Renaldo and Putri (2021) also confirmed that financial reporting systems integrated within AIS significantly improve business performance through better decision-making practices.

The Decision-Usefulness Theory provides a strong theoretical explanation for this finding. Financial reporting systems convert raw accounting data into structured reports such as income statements, balance sheets, and cash flow statements, which provide managers with actionable insights into the financial health of the business. These reports reduce uncertainty, support strategic planning, and enable managers to make evidence-based decisions regarding resource allocation, investment opportunities, and operational adjustments.

Effect of Cash Management Systems on Business Decision-Making

The third research objective was to assess the effect of cash management systems on business decision-making of SMEs in Yola North. The regression analysis revealed that cash management systems have

a positive and statistically significant effect on business decision-making ($\beta = 0.218$, $p = 0.000$). This indicates that effective cash management practices contribute to better decision-making outcomes.

This finding aligns with the empirical evidence from Emmanuel and Chengelela (2025), who found that efficient cash management practices significantly influence operational decisions and financial sustainability in East African SMEs. Mahama and Dahlan (2022) also highlighted the role of digital accounting applications in improving cash flow visibility, enabling SMEs to make timely decisions regarding payments, investments, and expansion. The study by Al-Okaily, Alkhwalidi, and Abdulmuhsin (2023) reported that real-time cash management features significantly enhance managerial responsiveness and decision accuracy.

Cash management systems provide SMEs with real-time visibility into cash inflows, outflows, and liquidity positions. This enables managers to make timely operational decisions, plan for short-term obligations, and optimize working capital. In the context of Yola, where many SMEs operate with limited financial resources and high dependency on cash transactions, effective cash management reduces uncertainty, mitigates risks of insolvency, and allows managers to strategically allocate funds. Among the three AIS components examined, record-keeping systems had the strongest effect on business decision-making ($\beta = 0.312$), followed by financial reporting systems ($\beta = 0.256$), and cash management systems ($\beta = 0.218$). This suggests that while all three components are important, record-keeping systems play a particularly critical role in supporting business decision-making in SMEs. This finding underscores the foundational nature of record-keeping, as accurate and systematic records provide the raw data necessary for financial reporting and cash management. The control variables (firm size and firm age) did not have statistically significant effects on business decision-making ($p > 0.05$ for both). This suggests that the relationship between AIS components and business decision-making is not significantly influenced by the size or age of the enterprise. This implies that the benefits of AIS adoption for decision-making are applicable across different types and sizes of SMEs in Yola.

5. Conclusion and recommendations

5.1 Conclusion

Based on the findings of the study, the following conclusions were drawn:

- i. Record-keeping systems had the strongest positive and significant effect on business decision-making. Complete and accurate transaction records therefore provide the foundation for effective budgeting, inventory management, resource allocation, and business planning among SMEs in Yola North.
- ii. Financial reporting systems had the second strongest positive and significant effect on business decision-making. Structured financial reports assist SME managers in evaluating profitability, identifying financial risks, planning investments, and making evidence-based decisions.
- iii. Cash management systems also had a positive and significant effect on business decision-making. Effective monitoring of cash inflows, cash outflows, and liquidity enables SMEs to plan financial obligations, allocate funds appropriately, and make timely operational decisions.
- iv. Overall, the three AIS components provide relevant, accurate, and timely accounting information that reduces managerial uncertainty and improves business decision-making among SMEs in Yola North.

5.2 Recommendations

Based on the findings and conclusions of the study, the following recommendations are made in line with the study objectives:

- i. SME owners and managers in Yola North should invest in affordable and user-friendly accounting software and gradually transition from manual to computerised record-keeping. They should ensure that all financial transactions are documented promptly and accurately and that accounting records are updated regularly. Government agencies and business development organisations should support this transition by providing software subsidies, technical assistance, or tax incentives.
- ii. SME owners and managers should prioritise the regular preparation and interpretation of financial reports, including income statements, statements of financial position, and cash-flow statements. These reports should preferably be prepared monthly to ensure that managers have

- timely information for evaluating performance and identifying areas requiring corrective action. Practical training should also be provided to improve managers' ability to prepare and use financial reports for decision-making.
- iii. SME owners and managers should adopt regular cash-flow forecasting as a standard business practice. They should systematically monitor cash inflows and outflows, anticipate possible cash shortages, maintain adequate cash reserves, and take proactive measures to address liquidity challenges. Relevant organisations should provide SME operators with practical training in cash-flow forecasting and working-capital management.
 - iv. The Adamawa State Government, through the Ministry of Commerce and Industry, SMEDAN, and other relevant agencies, should develop policies and programmes that promote the effective adoption and use of AIS. Such interventions should include subsidised accounting software, tax incentives, technical support, and business development centres that provide AIS-related advisory services. The government should also improve essential supporting infrastructure, particularly reliable electricity and internet connectivity.
 - v. Business development organisations, chambers of commerce, and trade associations should organise regular training programmes and workshops for SME owners and managers. The programmes should cover basic accounting principles, record-keeping practices, financial-report preparation and interpretation, cash management, and accounting-software usage. The training should be practical, affordable, and tailored to the specific needs of SMEs operating in different sectors.

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