

Accounting information system quality and Financial performance of Small and Medium Enterprises in Lira City.

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Background: The quality of the accounting information system that affirm has would affect the financial performance. This study examined the effect of accounting information system quality on the financial performance of small and medium enterprise in Lira City as a case study. Specifically, the study looked at the effect of data quality, information quality and service quality on the financial performance of SMEs in Lira City. Using a sample of 100 managers and owners drawn from a population of 117 SMEs of SMEs in Lira City, the study attempts to achieve three objectives. The first objective is to examine the effect of data quality on the financial performance of small and medium enterprises in Lira City. The second objective is empirically to examine the effect of information quality on the financial performance of small and medium enterprises in Lira City. The final objective is to empirically evaluate the effect of service quality on the financial performance of small and medium enterprises in Lira City.

Methods: The study adopted a cross- sectional survey design and employed quantitative approach. The data collected was tested for validity and reliability and analyzed using SPSS version 23 in form of descriptive statistics, correlations and regressions.

Results: The findings of the study revealed firstly, that data quality has a positive significant effect (Adjusted R square = 33%, $P < 0.05$) on the financial performance of the SMEs in Lira City. Secondly information quality had a positive significant effect (Adjusted R square = 36%, $P > 0.05$) on the financial performance of the SMEs in Lira City. Thirdly, the examination of the effect of service quality on the financial performance of SMEs in Lira City revealed a positive and statistically significant effect (Adjusted R square = 51%, $P < 0.05$).

Recommendations: Based on the findings of this study, it is recommended that all SMEs should adopt accounting information system in order to ensure correctness in their financial reporting and this would enhance their financial performance. The government and policy makers should come up with policies and guidelines that will facilitate the implementation of these systems in SMEs.

Keywords: *Accounting information system quality, Financial performance, Small and Medium Enterprises, Lira City.*

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