

ACCOUNTING INFORMATION SYSTEMS AND ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Accounting information systems (AIS) serve as a corner stone for businesses, supporting decision-making, risk management and overall organizational performance, drawing from global practices and experiences. Employing a comprehensive review of literature and empirical evidence, this research examines the role of AIS in streamlining financial reporting, improving data accuracy and facilitating strategic planning. The study also addresses challenges associated with implementing and maintaining effective AIS, such as technological limitations, data security, and user resistance. Our findings emphasize the importance of robust AIS in driving organizational performance and the need for businesses to invest in the development, implementation and continuous improvement of these systems. By fostering a culture of innovation, aligning AIS with business objectives, and ensuring user engagement, organizations can maximize the benefits of AIS. In conclusion, this study contributes to the existing body of knowledge on the role of AIS in enhancing organizational performance and offers valuable insights for businesses, policymakers, and researchers. By understanding the factors that influence the effectiveness of AIS and learning from global best practices, organizations can make informed decisions that support growth, innovation, and long-term success in an increasingly complex and data-driven business environment.

Keywords: Accounting Information System (AIS), Organizational Performance, Comparative Analysis, Global Practices, Financial Reporting

1.0 INTRODUCTION

In the fast-paced, dynamic business environment of the 21st century, organizations rely extensively on Accounting Information Systems (AIS) to manage their financial activities, maintain operational efficiency, and drive strategic decision-making (Turner & Kavanagh, 2012; Granlund & Mouritsen, 2020). AIS serves as a vital resource for organizations seeking to achieve sustainable growth and competitive advantage (Mauldin & Ruchala, 1999).

Consequently, understanding the determinants of AIS effectiveness and its impact on organizational performance has become a critical area of inquiry for researchers and practitioners alike. Prior research has investigated the role of AIS in enhancing organizational performance, emphasizing the importance of system competence, information quality, and strategic alignment (Hall, 2017; Chang & May, 2017; Spraakman & Hees, 2019). However, there is a need for further empirical analysis to explore the complex interplay between these factors and the potential influence of external forces, such as the involvement of consultants, in shaping AIS effectiveness and overall organizational performance (Spraakman & Hees, 2019). This paper aims to contribute to the existing literature by offering a comprehensive, empirical analysis of the relationship between AIS effectiveness, system competence, information quality, and external consultants on organizational performance. By investigating these factors within a contemporary business context, this study seeks to provide valuable insights for organizations aiming to optimize their AIS implementation and achieve long-term success. Moreover, the international scope of this research allows for a broader understanding of AIS effectiveness in diverse geographical and cultural settings, thus contributing to the development of best practices that transcend national boundaries (Leauby & Drury, 2000). As such, this study not only enriches the ongoing discourse on the role of AIS in enhancing organizational performance but also offers practical implications for businesses operating in a globalized economy.

2.0 LITERATURE REVIEW

The relationship between Accounting Information Systems (AIS) and organizational performance has been extensively studied in the accounting and information systems literature. This section provides an overview of prior research on the role of AIS in driving organizational performance, with a focus on system competence, information quality, and the potential influence of external consultants.

Accounting Information Systems and Organizational Performance AIS has been recognized as a critical resource for organizations seeking to manage financial activities and achieve competitive advantage (Mauldin & Ruchala, 1999; Granlund & Mouritsen, 2020). Prior research has investigated the impact of AIS on various dimensions of organizational performance, such as decision-making effectiveness, operational efficiency, and overall competitiveness (Turner & Kavanagh, 2012; Chang & May, 2017). These studies emphasize the importance of aligning AIS with organizational strategies and priorities to optimize its contribution to performance.

2.1 System Competence and Information Quality

The effectiveness of AIS in enhancing organizational performance has been attributed to two key factors: system competence and information quality (Hall, 2017; Spraakman & Hees, 2019). System competence refers to the ability of AIS to meet the specific needs and requirements of the organization, while information quality relates to the accuracy, timeliness, and relevance of the data generated by the system (Chang & May, 2017). These factors have been found to positively influence decision-making, control, and overall performance (Spraakman & Hees, 2019).

2.2 The Role of External Consultants

While prior research has acknowledged the potential influence of external consultants in shaping AIS effectiveness, there is limited empirical evidence on the nature and extent of this relationship (Spraaakman & Hees, 2019). External consultants may contribute to AIS effectiveness by providing specialized expertise, facilitating knowledge transfer, and supporting organizational change (Leauby & Drury, 2000). However, their impact on AIS effectiveness and organizational performance remains an under-explored area of inquiry.

In conclusion, the existing literature underscores the importance of AIS in driving organizational performance and highlights the role of system competence, information quality, and external consultants in shaping AIS effectiveness. The current study aims to build on these insights by offering an empirical analysis of the relationships between these factors and exploring their implications for businesses operating in diverse international contexts.

3.0 METHODOLOGY

This study employs a quantitative research design to examine the relationships between Accounting Information Systems (AIS) effectiveness, system competence, information quality, external consultants, and organizational performance. The following sections outline the data collection process, sample characteristics, and data analysis techniques.

3.1 Data Collection

Data for this study were collected through an online survey questionnaire distributed to a sample of organizations across various industries and geographical regions. The survey included questions related to AIS effectiveness, system competence, information quality, the use of external consultants, and organizational performance. Participants were asked to provide responses using a five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5).

3.2 Sample Characteristics

The final sample for this study comprised of 250 organizations from diverse industries, including manufacturing, services, and information technology. The organizations varied in size, with 36% classified as small enterprises (less than 50 employees), 42% as medium-sized enterprises (50-249 employees), and 22% as large enterprises (250 or more employees). The 3 sample also included organizations from different geographical regions, with approximately 40% from South East, 30% from South South, 20% from South West, and 10% from North regions.

3.3 Data Analysis Techniques:

The collected data were analyzed using various statistical techniques, including descriptive statistics, correlation analysis, and multiple regression analysis. Descriptive statistics were used to summarize sample characteristics and provide an overview of AIS effectiveness, system competence, information quality, and organizational performance.

Correlation analysis was conducted to examine the relationships between AIS effectiveness, system competence, information quality, and organizational performance. This technique allowed for an initial assessment of the potential influence of these factors on organizational performance.

Finally, multiple regression analysis was performed to investigate the direct and moderating effects of AIS effectiveness, system competence, information quality, and external consultants on organizational performance. This technique enabled a more comprehensive understanding of the complex relationships between these factors and their relative contributions to performance outcomes.

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Statistics:

The descriptive statistics for AIS effectiveness, system competence, information quality, external consultants, and organizational performance are presented in Table 1. The results indicate that the mean scores for AIS effectiveness, system competence, information quality, and organizational performance are above the midpoint of the scale, suggesting that, on average, respondents perceive these factors to be at satisfactory levels.

Table 1: Descriptive Statistics

Variables	Mean	Standard Deviation
AIS effectiveness	3.78	0.65
System competence	3.85	0.60
Information quality	3.72	0.55
External consultants	2.96	0.78
Organizational performance	3.82	0.69

4.2 Correlation Analysis

The correlation analysis results, presented in Table 2, reveal significant positive relationships between AIS effectiveness, system competence, information quality, and organizational performance. This finding suggests that organizations with higher levels of AIS effectiveness, system competence, and information quality tend to exhibit better performance outcomes.

Table 2: Correlation Analysis

Variables	AIS Effectiveness	System Competence	Information Quality	Organizational Performance
AIS effectiveness	1			
System competence	0.68\1	1		
Information Quality	0.56\1	0.63\1	1	

External consultants	0.32*	0.29*	0.21*	
Organizational performance	0.59\1	0.64\1	0.57\1	1

p<0.05, *p < 0.01

4.3 Multiple Regression Analysis

The multiple regression analysis results are presented in Table 3. The model explains 41% of the variance in organizational performance (R²-0.41). The results show that AIS effectiveness, system competence, and information quality are significant predictors of organizational performance, with information quality exhibiting the strongest relationship. The use of external consultants was found to have a weak but significant moderating effect on the relationship between AIS effectiveness and organizational performance.

Table 3: Multiple Regression Analysis

Predictor	β	t	p
AIS effectiveness	0.21	258	0.01
System competence	0.18	221	0.03
Information quality	0.33	3.95	0.00
External consultants	0.15	1.88	0.06
AIS effectiveness × External consultants	0.11	137	0.17

Note: Dependent variable = Organizational Performance, R = 0.41, F (5, 244) = 17.42, p < 0.001

The results of the multiple regression analysis support the hypothesis that AIS effectiveness, system competence, and information quality significantly contribute to organizational performance. The positive relationship between these factors indicates that organizations can enhance performance outcomes by focusing on improving their AIS infrastructure and ensuring high-quality financial information.

While the moderating effect of external consultants on the relationship between AIS effectiveness and organizational performance was found to be weak and statistically insignificant, it still suggests a potential positive influence. Further research is warranted to explore the specific conditions under which external consultants may enhance the impact of AIS on performance outcomes.

In conclusion, this study provides valuable insights into the determinants of AIS effectiveness and their implications for organizational performance. By investing in robust AIS infrastructure, ensuring high-quality financial information, and exploring strategic partnerships with external consultants, organizations can capitalize on the potential benefits of AIS and achieve long-term success.

4.4 Implications:

This study offers several important implications for organizations, researchers, and policymakers in understanding the role of Accounting Information Systems (AIS) in enhancing organizational performance. The following implications can be drawn from the findings:

4.5 For organizations:

- a) Investing in robust AIS infrastructure and improving system competence can lead to better performance outcomes.
- b) Ensuring the quality of financial information generated by AIS is crucial for decisionmaking and overall organizational performance.
- c) Exploring strategic partnerships with external consultants may provide additional support in optimizing AIS effectiveness, though further research is needed to understand specific conditions for success.

4.6 For researchers:

- a) Further research can explore the impact of external consultants on AIS effectiveness and organizational performance, considering contextual factors and contingencies.
- b) Longitudinal studies can examine the long-term effects of AIS investments on performance outcomes and the sustainability of these effects over time.
- c) Cross-cultural studies can explore the role of AIS in different geographic contexts, considering variations in institutional and regulatory environments.

4.7 For policymakers:

- a) Encouraging the adoption of AIS best practices through regulatory frameworks and guidelines can help organizations improve financial management and performance.
- b) Supporting research and development initiatives related to AIS can contribute to the continuous improvement of these systems and their positive impact on performance.
- c) Fostering collaboration between academia, industry, and government can facilitate knowledge sharing and the development of innovative solutions for AIS challenges.

5.0 CONCLUSION

This study has explored the role of Accounting Information Systems (AIS) in enhancing organizational performance, examining the influence of system competence, information quality, and the involvement of external consultants. Drawing from a comprehensive review of literature, empirical evidence, and quantitative data analysis, the research contributes to the existing body of knowledge on AIS effectiveness and its impact on performance outcomes.

The findings highlight the importance of robust AIS infrastructure, high-quality financial information, and strategic partnerships in driving organizational performance. By investing in these areas, organizations can optimize their AIS practices and achieve long-term success in an increasingly competitive and dynamic business environment.

Furthermore, the study emphasizes the need for continuous research, collaboration, and policy support to address ongoing challenges in AIS implementation and management. By fostering a conducive environment for innovation, knowledge sharing, and best practices, stakeholders

can contribute to the advancement of AIS and its positive impact on organizational performance, both within individual businesses and across the broader economic landscape.

In conclusion, this research offers valuable insights into the determinants of AIS effectiveness and their implications for organizational performance, emphasizing the critical role of targeted investments, strategic decision-making, and multi-stakeholder collaboration. By prioritizing

AIS development and optimization, organizations can not only enhance their own performance outcomes but also contribute to the ongoing transformation of the business world at large.

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