

A SUCCESSFUL ACCOUNTING INFORMATION SYSTEMS IMPLEMENTATION AND THE FACTORS CONTRIBUTING TO ITS SUCCESS

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Abstract:

The accounting information system (AIS) is crucial to the provision of business activities in the business process. Because finances are the most important component of the business process, the quality of the accounting information system will influence stakeholders in making the best decision based on that system.

An organisation now needs a tool that can be used to analyse data and make decisions in addition to a standard AIS that can support accounting activity. AIS helps managers make decisions and perform planning and control tasks by providing accounting information that is pertinent to the business process. As a result, AIS is viewed as a key competitive advantage in an organisation. To improve commercial activity, an organisation needs more precise, timely, and visible information from the system. Organizations have concentrated on the need for real-time reporting in recent years so they can make decisions more quickly. It is due to reports, which are typically produced quarterly or annually. Because of the market and society, there is a disconnect between the situation as it is and the decision. There are numerous additional AIS-related elements that contribute to the organization's overall growth by enabling the successful application of AIS.

Keywords: Accounting Information System, Implementation, Factors contribution, success

INTRODUCTION

Incorporated into the realm of Information and Technology systems (IT), accounting information systems (AIS) are a tool created to aid in the management and control of subjects pertaining to a firm's economic and financial area. However, the incredible advancement in technology has made it possible to generate and use accounting information from a strategic point of view. Since this is crucial for all businesses, it is even more crucial for medium- and small-sized ones since they must deal with a greater level of uncertainty in a cutthroat market. To better meet their information needs, they must upgrade their systems and data processing capabilities. Gaining a stronger, more adaptable company culture will be made possible by investing in employee training, enhancing the quality of output and internal operations, and boosting AIS investment. Innovation is the catalyst for creating a positive feedback loop that will improve business performance, lower organisational and financial barriers, and provide access to capital markets.

Due to the direct correlation between each of these areas of the organisation and gaining or losing market share, Spanish businesses have been forced to invest in technology in order to promote information and communication in these areas. These areas include production, design, innovation, marketing, commercial management, and after-sales service. Consequently, the outcomes and productivity must reflect this. Although Spain appears to have a significant resistance to changes that bring uncertainty, such as businesses investing in IT, in comparison to other organisational cultures, Nevertheless, Spanish businesses have made considerable efforts to reorganise and innovate during the past several years, focusing especially on the tertiary sector.

Most regions of Spain currently agree that adopting information technology has been essential for enlarging marketplaces and reducing selling management costs. In Spain, the information society and new computer technologies have made it possible for businesses to use their accounting systems more effectively in their interactions with clients and suppliers. Similar to how advancements in electronic banking have allowed businesses to save a significant amount of time on their transactions, AIS has streamlined tax administration.

IMPORTANCE OF AIS

Automation: An AIS does away with manual data processing. The system takes just one or two clicks to prepare the data needed to provide useful results. As a result, corporate data can be stored and retrieved electronically without the need for physical documents. Today's AIS are also intelligently built to carry out complicated calculations that would be challenging to carry out manually.

Accuracy: The frequent faults in manual accounting are addressed, including publishing a transaction more than once in the journal and calculation errors. As a result, system-generated reports are more trustworthy than those produced by manual accounting.

Data Security: Accounting systems offer a safe and secure place to store financial data, unlike manual accounting, which has an inherent risk of exposing data to physical loss or theft. As a

result, unauthorised access to information is greatly reduced. Additionally, users have 24/7 access to readily available reports via the system dashboard. Users of a cloud-based accounting system can also access financial data remotely, even while travelling for work or pleasure.

Speed: As long as all transactions have been put into the system, there is no delay in producing reports for management usage. Real-time reports are thus possible, in contrast to manual accounting.

Cost-effective: Adopting an AIS can save staff time spent on individual activities by streamlining the organization's operations, especially during the reporting season. Since the system handles the majority of the processes involved in creating reports, the amount of time that financial experts, including accountants, bookkeepers, and even SME business owners, spend will be greatly reduced. Nowadays, every organisation has embraced the trend toward accounting information technology. Today, a business that effectively makes use of AIS's capabilities has an advantage in adapting to and profiting from the ever-changing business environment. However, there are numerous accounting systems on the market. It would be a waste of money to subscribe to a system without taking the most important criteria into account when choosing the best system for the business. The organisation must consider the following while selecting an accounting system.

Functionality: An AIS system must be adequate to meet a company's commercial needs. The general transaction and report needs must be able to be accommodated by an accounting system, notwithstanding the fact that these requirements differ amongst businesses in various industries.

User-friendly: The system's user interface and navigation should be clear and simple to understand. Even though users typically receive training, an effective AIS must be built to enable easy understanding from users across a range of demographics.

Scalability: When selecting the ideal accounting system for your organisation, it's important to take into account whether the system supplier offers system upgrades or additional products or services that you could require in the future as your enterprise grows. This will guarantee that the system supplier can handle the expansion of your business.

Expansion Capabilities: A system that supports several languages, currencies, and standards is especially ideal for businesses who intend to expand worldwide or are already doing business abroad. The multilingual capability can be used by businesses with locations all over the world, making it simple to switch between languages when reporting to headquarters. Additionally, businesses that work with several currencies can continue to use the same localised journal data while adhering to different accounting rules, such as those imposed by J-SOX, IFRS, or US GAAP.

FACTORS THAT AFFECT THE SUCCESSFUL IMPLEMENTATION OF AIS

LEADERSHIP ON THE AIS

Managers must be able to build, guide, and comprehend the dynamics of their teams in order to deploy an IS effectively. If the leaders can accomplish this, the system will be implemented successfully. The factors that will enable the effective application of IS are management behaviour, leadership, and strategy. The most effective leaders are those who can help and encourage workers to accomplish company objectives. A number of elements, including this transformational leadership, have an impact on the calibre of AIS.

KNOWLEDGE MANAGEMENT ON THE AIS

The explicit and tacit knowledge of any organisation is anticipated to be integrated into an IS since IS can provide, store, manage, and report organisational information clearly. The KM is a component of a corporate system that can integrate with other IS in an organisation as well as with the firm. The ability of the generated system to be interconnected with other systems must be considered when designing a system. The success of corporate systems and KM competency are positively and significantly related.

USER TRAINING ON THE AIS

Users' participation in the conduct of training should have a beneficial effect on them. When a training programme relates to the use of technology or IS, the IS can be utilised to enhance organisational performance under the condition that the users engage in the training effectively and can access knowledge about the IS. Training programmes greatly raise the standard of IS. The success of the usage of IS in the business can be inferred from the fact that different training programmes and computer-related education programmes offered by an organisation have a beneficial effect on their users and workers. Thus, it can be concluded that training initiatives significantly contribute to the success of IS.

Accounting Information Systems The best value of IS is its capacity to organise information in a way that significantly improves business decisions. Organizational information systems (IS) collect and manage specific data to produce information that is helpful to organisations, employees, clients, suppliers, and partners. AIS is a component of MIS; it generates information for management and other users linked to organisational activities; this information is sometimes referred to as accounting information, financial information, or financial statements. A quality IS will also influence the calibre of the information that is generated.

LITERATURE REVIEW

Marshal and Romney (2015) claimed that creating an internal control system necessitates having a complete awareness of information technology (IT) capabilities and risks as well as knowing how to use IT to accomplish organisational control goals. Accountants and systems developers aid management in achieving their control goals by: (1) developing efficient control systems that actively seek out and eliminate systems as well as actively identifying, resolving, and recovering from threats when they arise. (2) Making it simpler to include controls into systems at the time of initial design rather than after the fact.

Toposh K. (2014) said that if a business has a strong internal control system, additional qualitative aspects of accounting information can also be preserved. Internal controls are protocols established to safeguard assets, provide accurate accounting reports, foster efficiency, and encourage adherence to corporate principles. Internal controls are necessary to accomplish a number of goals, including the efficient and orderly conduct of accounting transactions, the protection of assets in accordance with management policy, the prevention and detection of errors, the prevention and detection of fraud, and the timely preparation of accounting data. If a corporation has strong internal controls, management can rely more on information to maintain the business operations that produce AIS. However, management cannot succeed if internal control is weak. According to Topash's (2014) study, any accounting information system must meet the following criteria or indicators in order to be effective in any organisation. These include cost effectiveness, good documentation, the presence of appropriate security measures, independent internal and external audit, separation of other operations from accounting, and efficient internal control.

Levy et al. (2011) on the sample of 27 CEOs of SMEs, a qualitative and quantitative analysis was used. The goal of the study is to comprehend how strategic IS alignment occurs in SMEs. The study's findings show that:

- (1) benefit realisation depends on IS and business strategy alignment.
- (2) IS investment is frequently restricted to supporting operations and transactions.
- (3) organisations with more sophisticated IS tend to perform less successfully than those with less complex systems.
- (4) systems to increase efficiency are reported to have the greatest alignment and performance.

The growth of Jordan's accounting information system and the impact of internet commerce are both examined in **Majed, A. A.'s (2011)** paper. According to the data analysis, Jordanian hotel accountants have a favourable attitude toward information technology and the usage of the internet in accounting. They both acknowledge that hotels rely on electronic commerce, and that customers place orders online. Research has a big impact on how management accounting methods and procedures are applied globally in decision-making processes. Such insights into the use of accounting data in various national contexts would be helpful to multinational corporations, governments, and researchers.

According to **Salehi (2011)**, AIS offers information to a variety of interested people and helps a business carry out its operations and activities. It is considered to be the marriage of technology and human connection that small business firms could use to attain an excellent and efficient operation. Management plays a critical part in the AIS decision-making process and aids in the accountant's record-keeping duties, for which computerised accounting and accounts management are more specialised. So, AIS helps with information accuracy and time efficiency, which in turn helps with cost efficiency. Due to the development of AIS-based

software, which has made processes smarter and more efficient, the information technology revolution has enhanced accounting efficiency.

O' Brien and Maracus (2010) The qualitative qualities of the information that the user needs to make wise judgements and accomplish organisational objectives determine the relevance of accounting information.

Sajady, H., Dastgir, M., & H. Hashem N. M. S. (2008) Analyse the efficiency of the accounting information systems used by the finance managers of Tehran Stock Exchange-listed companies. According to the findings, these organisations' use of AIS has aided in streamlining business transactions and enhanced internal controls, financial reporting quality, and managers' decision-making processes. When planning, controlling, and making short-term and long-term choices, managers at all levels need AIS. Managers must consider both fixed and variable costs while making short-term decisions, while senior executives decide on long-term strategies for the future. Because accounting information has distinct benefits and drawbacks, it is unlikely to be helpful for every decision situation. Managers frequently believe that the accounting data offered is not very helpful for making decisions and they would like to have better information.

According to **Wilkinson (2000)**, The primary purpose of an accounting information system is to provide a numerical value for past, present, and future economic actions. Through its computerised accounting system, AIS generates the financial statements, including the income statement, balance sheet, and cash flow statement. During the input, processing, and output stages, the system typically processes the data and changes it into accounting information that can be used by a number of users, both internal and external users. The importance of accounting information systems can be understood from the foregoing contribution. It can be concluded that accounting information systems must be practical and appropriate for users' decision-making, and the information must have a distinctive feature that will meet or even exceed users' expectations.

Markus & Pfeffer (1983) demonstrate that "Three factors must fit together properly for accounting systems to be implemented. The main viewpoint in the organisation or perception of the situation must fit. The accounting system must also work with the organization's technology, which is where problems are typically resolved. The accounting system must also be compatible with the organization's culture, which includes its norms and value system ". When users properly use the data that systems provide in the decision-making process, **Christiansen & Mouritsen**, systems will be beneficial (1994).

Burchell et al. (1980) Discuss how the level of uncertainty affects the various functions that information plays in decision-making. These responsibilities are characterised in terms of two variables: objective uncertainty and cause-and-effect uncertainty. One type of data that can be used as a "learning machine" is accounting data. By measuring the financial impact of each decision-making possibility, accounting information can assist in evaluating how objectives might be attained.

OBJECTIVES

- Recognize the idea of an accounting information system.
- To understand how important factors that affect the implementation of AIS are
- To comprehend the significance of AIS.
- To determine whether using an accounting information system (AIS) enhances internal control and enhances business performance.
- To comprehend the significance of the variables affecting AIS.

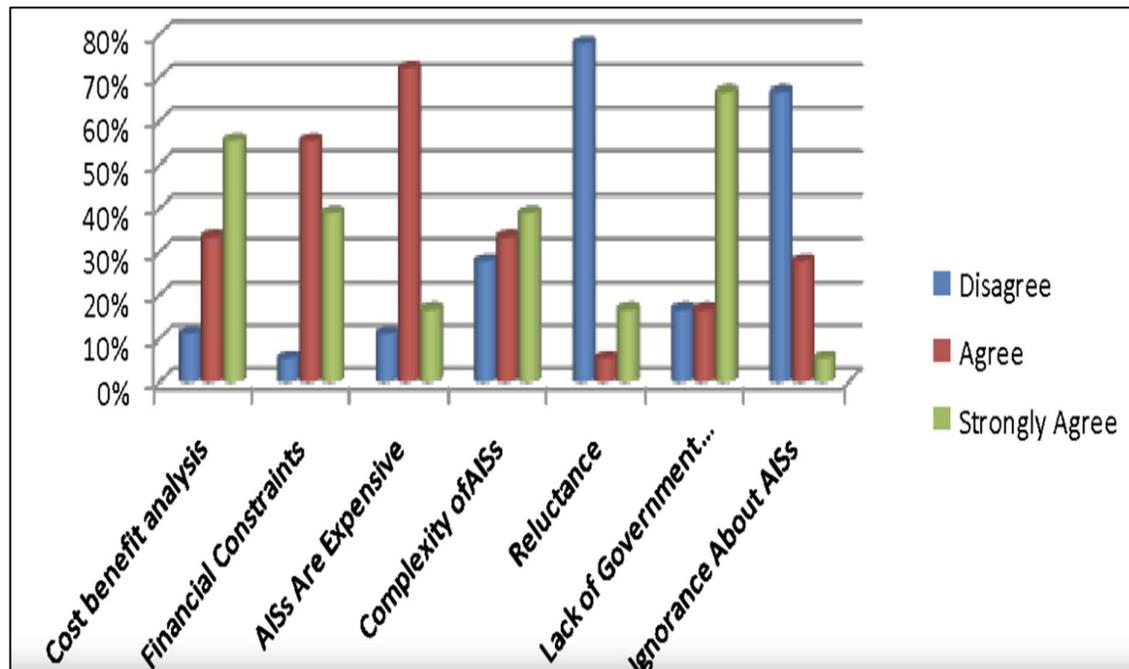
RESEARCH METHODOLOGY

The study's framework is based on conceptual research work. It was thoroughly analysed. This paper discusses the legal aspects related to the impact of AIS implementation in order to understand the depth of the concept underlying the value of AIS implementation and factors that effects for successful AIS implementation, the values that AIS holds, and the importance of AIS implementation.

Using secondary data and research from earlier academics, the topic's numerous features have been found. Articles, research paper publications, and other web resources were used to prepare the introduction and literature review.

FINDINGS AND DISCUSSIONS

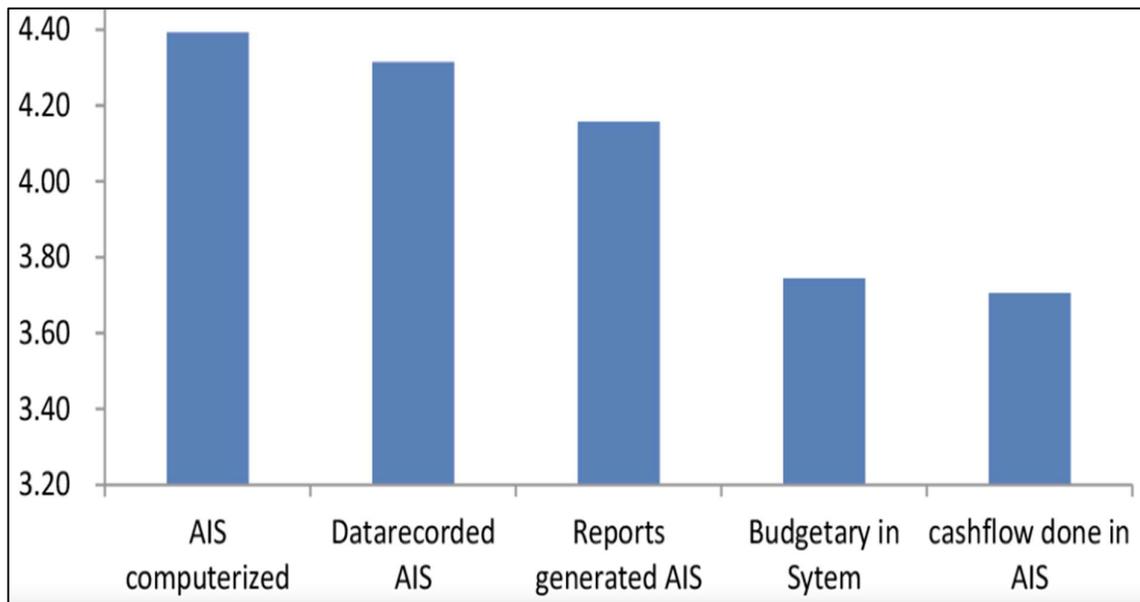
VARIOUS PERCEPTION ABOUT AIS



Source: <https://www.semanticscholar.org/paper/EVALUATION-OF-FACTORS-INFLUENCING-ADOPTION>

The above shows the different perspective of employee about AIS and all the aspects related to AIS from its cost benefit effects to its complexity. Where blue shows the percentage of people who disagree about that particular perception, red who agrees and green for those who strongly agree.

AIS EFFECTIVENESS



Source: <https://www.semanticscholar.org/paper/The-Impact-Of-Accounting-Information-System>

The above graph shows the impact of AIS on the effectiveness of financial performance of the organisation. It shows how AIS helps in different functioning of the financial operations in the organisation.

CONCLUSION

The study has provided an understanding that accounting information system (AIS) has become a system that is very important in an organization because it generates important information for the organization for decision making and quality of accounting information. The main goal of accounting information system is to control the business held by the organization to prevent and minimize fraud and errors to achieve the organizational goals and improved performance, and for the system (AIS) to generate the accounting information expected, an internal control is required which is the main ingredient of the system. The study also revealed that the development and application of information technology (IT) makes it possible for companies to support operations with IT systems to improve operating performance, and companies have to adjust their technique and method of internal control in

accordance with computerization (AIS) in order to exercise effective control because the adaptation of quality internal control affect operation and the achievement of operations. Also, the implementation of accounting information system could lead to better decision making and effective control system to improve firm performance.

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