Impact of accounting software for Business Performance

D.M.J.Wickramsainghe[1], RMMD Pemarathna[2], NHK Cooray [3] &
TDSH Dissanayake[4]

[1,2,3,4] Faculty of Management Studies, Rajarata University of Sri Lanka

Abstract: The major problematic source towards the organizations and corporates is the accounting field by the way its intended users need to clarify the accounting soft wares which are suitable on the basis of their day today accounting and business needs. Mainly the fact in Anuradhapura area is the incomplete records and unauthorized access of data by unsuitable accounting packages and apps. The fundamental error occurring in all kind of working environment and organizations are not finding the correct solution toward accounting and decision making by the selection of main accounting packages and apps. The key course of action is how to choose accounting software and apps by the businesses in Anuradhapura area. Which influence in decision making process.

Abstract: Accounting, business, performance

1 Introduction

Accounting has come to occupy an ever more significant position in the functioning of modern industrial societies (Stuart burchell, 1980)[13] Accounting takes a vital role in operating an organization. Every business must keep track of financial information that relates to its business activities. It also has various processes; some simple, others complex and burdensome. But as the business grows, acquires new customers, enters new markets and keeps pace with constant changes in information technology, companies need to maintain highly accurate and up-to-date accounting, inventory and statutory records. With a substantial increase in the volume of accounting transactions and increase in exposure of information to errors due to complexity of these accounting systems, there was a need for a system which could store and process accounting data with increased speed, storage, and processing capacity. In order to meet the growing need for accurate and up-to-date information accounting integrated with information technology by introducing accounting software to the world.

Companies all over the world are becoming more international in their outlook. Competing in the global marketplace, however, entails a new set of accounting challenges. Instead of dealing in a single currency and a single set of accounting principles, companies may have to deal with multiple currencies and follow a myriad of accounting and tax rules. As a result, there is an increased demand for new and more sophisticated accounting software packages capable of handling international accounting issues (Ajay Adhikari, 2004)[2]

Accounting Information Systems (AIS) are a tool which, when incorporated into the field of Information and Technology systems (IT), were designed to help in the management and control of topics related to firms' economic-financial area. But the stunning advance in technology has opened up the possibility of generating and using accounting information from a strategic viewpoint. Since this is important for all firms, it is more important even for medium-sized and small ones which need this information to deal with a higher degree of uncertainty in the competitive (EL Loudi, 1998)[5] Thus, they need to improve their systems and data processing capacity to match their information needs (Andrew H Van de Ven, 1985)[3]Accounting information systems automates the accounting process improving efficiency and cutting down costs. And it tends to be more accurate, faster to use, and less subject to error than its manual counterpart. In today's computerized, interconnected, global business environment, accounting information systems became the 'engine of growth' in business organizations. Therefore it involves the computerization of accounting information systems which is established in order to facilitate decision making. Accounting information system is a computer based system that increases the control and enhances the corporation in an organization. In managing an organization and implementing an internal control system, the role of accounting information system is very crucial (Nicolau, 2006)[9]

By using Accounting information systems organization can enhance their performance. According to Dr Dawhla Accounting information system implementation and success have been comprehensively researched but the contemporary literature shows slight evidences of the relationship between Accounting Information System (AIS) and performance measures. AIS can positively impact on

organizations by the following; better adaptation to a changing environment, better management of arm's length transactions and a high degree of competitiveness (Dr. Daw Hla, 2015)[4].The appropriate design of AIS supports business strategies in a way that it increases the organizational performance (RH Chenhall, 1986)[11] Asserts that increasing AIS investment will be leverage for achieving a stronger, more flexible corporate culture to face persistent changes in the environment (Dr. Daw Hla, 2015)[4].

In other hand, Organizational performance is a function of the financial performance, performance management, and accounting information system. Fitness will exist in the combination of strategy and AIS that contribute to financial performance (Zejac and Pearce, 1990).

As stated in Dr dawl hla it was found that accounting information system is of great importance to both businesses and organization in which it helps in facilitating management decision making, internal controls ,quality of the financial report ,and it facilitates the company's transaction and it also plays an important role in economic system, and the study recommends that businesses, firms and organization should adopt the use of AIS because adequate accounting information is essential for every effective decision making process and adequate information is possible if accounting information systems are run efficiently also, efficient Accounting Information Systems ensures that all levels of management get sufficient, adequate, relevant and true information for planning and controlling activities of the business organization. Organizational impact represents the firm-level benefits received by an organization because of IS applications. The organizational impact of IT is realized through business performance (e.g.,Brynjolfsson and Hitt, 1996; Kohli and Devaraj, 2003;Kearns and Lederer, 2004; Osei-Bryson and Ko, 2004; Rai et al., 2006), which leads to business value (e.g.,Barua et al., 1995;Mukhopadhyay et al., 1995; Tallon et al., 2000; Lee, 2001; Melville et al.,2004).According to N. Gorla et al. IT quality is a multidimensional measure, it is important to determine which aspects of IT quality are critical to organizations to help CIOs to device effective IS quality improvement strategies with which scarce resources can be allocated more effectively. Our research explores the linkage between IS quality (system quality, information quality, service quality) and organizational impact. Our results indicate that, overall, IS quality dimensions have a significant positive influence on organizational impact either directly or indirectly (Narasimhaiah Gorla, 2010)[8].as well as in here they said system quality, information quality and service quality impact organisation performance. As stated in N.goral et al

system quality is not directly impact toward organisation performance. But if system is technically sound, error-free, easy to learn, user-friendly, well documented and flexible those features are indirectly related to organization performance. As well as system quality indirectly affect organization impact through information quality. Finally in this study concluded information quality, service quality and system quality affect to organizational impacts directly or indirectly.

However, the purpose of the study was to examine the impact of accounting software for business performance on profitability level of small scale business. To measure the business performance can be used system quality, information quality and service quality. We focused on selected 100 small scale businesses which are familiar with accounting packages in Anuradhapura district. We aimed to generate finding that would relevance to and expand current knowledge.

We measured the business performance by using variables such as Reliability, Efficiency and user friendliness of Accounting Software. According to the previous research result organization can increase their performance by using accounting software

In sum we formulated following research hypothesis;

H1: Accounting Information system affects reliability of information of financial statement.

H2: Accounting information system affects efficiency of information of financial statement.

H3: User Friendliness of Accounting Information system affects business performance of organization.

2 Methods

2.1 Population and Sample

Participants were 100 employees who work in private and public organization which familiar with accounting packages in Anuradhapura District. The final sample included 42% male employees and 58% Female employees and also 24% were from sales and marketing department, 21% were from ICT department, 20% were HR department, 16% were finance department and 19% were from other departments. We used simple random sampling method to select the participants and used structured questionnaire to collect data from the respondents.

2.2 Data Analyzing

Data analyzing is very important path of any research. After collecting the data, it should be analyzed and interpreted. The data analyzed depend on nature of the sampling process, measurement and

data collecting method. To determine the objective of this research statistical procedures are conducted. Sample data can be analyzed by using descriptive statistical analyzes. In the descriptive analyze has been included mean, standard deviation, variance graphs and tables to discuss the finding. To test the hypotheses and identify the whether there is a relationship between service quality dimension and patient satisfaction. Statistical package for social science (SPSS) will be used for the data analyze. It helps to analyze data more effectively and efficiently. SPSS is software which is used to measure accuracy of the data.

2.3 Conceptual Framework

Figure 1. Conceptual Framework
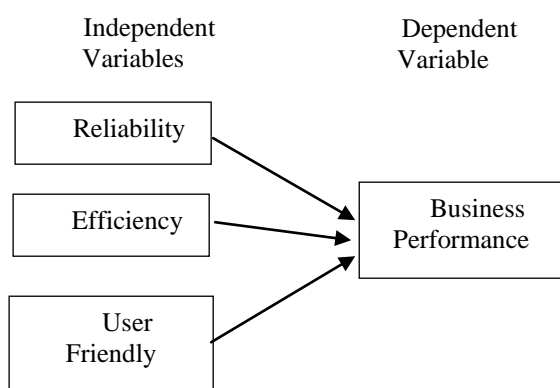
The reliability was ensured by testing the instruments for the reliability of values in business performance. Dimension for Reliability are System reliability, Understand ability and accuracy. The strong expansion and consequent physical and commercial growth of the organization opened up in the organization's business processes. Nicholls-Nixon (2005) found in his study that rapid growth in business generates dramatic changes in the scale and scope of a firm's activities. According to her, entrepreneurs in rapidly growing business enterprises experience more difficulties in comparison to small growth business when deciding or establishing the type of changes or evolution required to support their level of growth. The main problem area highlighted by the associate was the Business accounting system. Both business companies purchase to software system for increase the business performance. The software was supposed to be an accounting system capable of managing all financial aspects of the business and though it appeared to be a tool that can be fully integrated with MS excel or access so as to

facilitate data analysis and report creation.it would have required a database translation to function effectively. Dimensions for Efficiency are relevance, market efficiency and improved productivity. User Friendly dimensions are user friendly skills.

3 Result

3.1 The Legal Status of the respondent's firm

All the respondents from privet limited company and public limited company. The information on the firm's legal status is summarize.

Table 1. The Legal status of respondents

	Frequency	Percentage
Public Company	41.0	41.0
Private Company	59.0	59.0
Total	100	100

3.2 The respondent's Years of Service

Majority of the respondents have worked for their company for more than five years. Only 33% of the respondents have worked for their company for a period not exceeding five years. This is an indication that most of the respondents have a thorough understanding of their company.

Table 2. Respondent's Year of service

	Frequency	Percentage
Down to 5	33	33.0
6-10	23	23.0
11-15	27	27.0
Over 15	17	17
Total	100	100

3.3 The gender of the respondents

42% of the respondents were male while 58% were female. This implies that there was no gender biasness.

Table 3. Gender of the Respondents

	Frequency	Percentage
Male	42.0	42.0
Female	58.0	58.0
Total	100	100

3.4 The respondent's department

Table 4 shows that 24%, 21%, 20% and 16% of the respondents were from Sales & Marketing

department, ICT department, HRM department and finance department respectively. 19% of the respondents were from other departments such as the software modifying department. This shows that data was collected from all the departments and therefore the information is reliable.

Table 4. Respondent's Departments

	Frequency	Percentage
Finance and administrator	16	16.0
ICT	21	21.0
HRM	20	20.0
Sales and marketing	24	24.0
Other	19	19.0
Total	100	100.0

3.5   Reliability Test

Reliability test was performed to identify the reliability of each construct which was used to measure the research variables. Reliability measure used standard method of cronbach "s alpha Cronbach "s alpha indicates how well the items in a set are positively correlated to one another. Cronbach "s alpha is computed in items of the average inter correlations among the items measuring the concept. The closer cronbach "s alpha is to 1, the higher the internal consistency reliability. In this survey test the level of reliability used Questionnaire for determine internal consistency.

Table 5. Reliability Test

Variables	Num of Items	Cronbach's Alpha
Reliability	3	0.621
Efficiency	3	0.715
User Friendly	2	0.754
Business performance	3	0.710

According to given table, 0.710 of Cronbach "s Alpha is for variable of business performance and it is greater than 0.7. It indicates the better internal consistency of each question which used to measure the particular variable. Cronbach "s reliability, efficiency, Ecommerce strategy, and User friendly are .621, .715, .720, and .754, respectively. All they are greater than 0.7 It means all the questions which are used to test quality of particular variables have better internal uniformity. Finally, all Cronbach "s Alpha values are greater than 0.7. It indicates all the questions are highly reliable to analyze.

3.6   Descriptive Analysis

Descriptive analysis is used for generating result is descriptive statistics. Descriptive statistics were calculated to identify the nature of the research variables as follows. Mean value provides the idea about the central tendency of the values of a variable.

Table 6. Descriptive Analysis

Variables	Mean	Std Deviation
Business Performance	3.26	.79502
Reliability	3.62	.83420
Efficiency	3.48	.76735
User Friendly	3.24	.99107

The mean value and the value of standard deviation of dependent variables have been shown. Mean value provides the idea about the central tendency of the values of a variable. Number of observation of each variable is 100.Mean value of business performance was 3.2600while the value of standard deviation is .79502. Mean value provides the idea about the central tendency of the values of a variable. The above table show mean value of reliability was 3.6200; the value can be deviated by .83420.In the above table the mean value of efficiency was 3.4800whereas, the value of standard deviation was .76735. Mean value provides the idea about the central tendency of the values of a variable. In the above table the mean value of Ecommerce strategy was 3.4800whereas, the value of standard deviation was .73140. Mean value provides the idea about the central tendency of the values of a variable. In the above table the mean value of User-friendly was 3.2400whereas, the value of standard deviation was .99107. Mean value provides the idea about the central tendency of the values of a variable. Mean value of all selected variable were relatively high. It indicates that the respondents are agreed with the statements. Respondents " perception to performance was also comparatively high.

3.7   Hypothesis Testing

Hypothesis 1 (Software package in accounting information system which affect qualitative features of accounting information in organization population was chosen)

Table 7. Hypothesis 1

Alpha of	Business Performance	Reliability
Business Performance	1	.194**
Efficiency	.194**	1

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

As shown in the table 4.12 correlations for the

relationship between reliability and business performance was 0.194 that indicates. That reliability of service of performance affect to the business performance. It was significant at 0.01 level. Therefore the result supports to the first hypothesis of the study (H1).

Hypothesis 2 (Software package and AIS affect relevance feature of information of financial statement)

Table 8. Hypothesis 2

	Business Performance	Efficiency
Business Performance	1	.535**
Efficiency	.535**	1

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

The table shows that there is a 0.535 correlation coefficient which is higher than the significant level. Therefore, there is a strong positive relationship between Efficiency and the Business performance and it is significant. As a result of that, H2 is accepted.

Hypothesis 4(Software package and AIS affect reliability future of information of financial statement.)

Table 9. Hypothesis 3

	Business Performance	User Friendly
Business Performance	1	.482**
User-Friendly	.482**	1

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

The results show that there is a 0.482 of correlation coefficient between user-friendly and the business performance. It is a positive performance and it is significant. As well as it accepts H4.

3.8   Model summary of SQ

Table 10. Model Summary of SQ

Model	R	R^2	Adjusted R^2	Std Error
1	.664[a]	.441	.418	.60662

a. Predictors: (Constant), User-friendly, reliability, Ecommerce strategy, efficiency

In the model summery table the R value is 0.664. The meaning of that is 66.4% of the service quality dimensions affect to the business performance. And also the table shows that R value as 0.441 and the meaning of that is 40.8% of the variation in the business performance is explained through the service quality.

3.9   Multivariate Analysis
Table 11. Multivariate Analysis

Mode	Unstandardized Coefficient		Standardized Coefficient	t	sig
	B	Std Err	Beta		
(constant)	.662	.366		1.808	.074
Reliability	-.07	.081	-.083	-.974	.332
Efficiency	.282	.104	.272	2.697	.008
User Friendly	.231	.071	.288	3.258	.002

a. Dependent Variable: business performance

The coefficient table shows that the beta value is -0.83 for reliability, 0.272 for reliability, and 0.306 for Ecommerce strategy, 0.288 for User-friendly . The meaning of that value is if the business performance is increased by 1; -0.83reliability variable, 0.272 from efficiency variable, 0.306 from e commerce strategy variable, and 0.288 variable may affect to that change. The table further reveals that e commerce strategy has the greater impact on business performance as it was in the significant level (0.00) and it has the highest beta value as shown in the table 0.306. Commerce strategy is the next mostly affected factor as it was also in the significant level (0.00) and it has the highest beta value as shown in the table 0.306. User-friendly is the next mostly affected factor as it was also in the significant level, efficiency has 0.272 and reliability has impact of -0.83 on the business performance. Further the regression equation has been developed as follow.

BP=ConstantValuereliability+efficiency+Ecommercestrategy+User-friendly

= 0.662-0.79x1 +.282x2+.332x3+.231x4 That means, to make changes on business performance, reliability affect by -0.79, efficiency by 0.282, e commerce strategy affect by 0.332, and user-friendly affect by 0.231.

3.10   ANOVA Table
Table 12. ANOVA Table

Model	Sum of squares	df	Mean Square	F	Sig
Regression	27.614	4	6.904	18.76	.000[a]
Residual	34.959	95	.368		

Total	62.573	99				

a. Predictors: (Constant), User-friendly, reliability, Ecommerce strategy, efficiency

b.Dependent Variable: business performance

The table shows that the F test was 18.760 with significance of 0.000.That shows the probability of these results occurred by chance was less than 0.05. Therefore, the significant relationship between service quality and the business performance has been presented through the above table.

4 Conclusion

Accounting software systems are critical to the production of quality accounting information on a timely basis and the communication of that information to the decision makers. Existing literature offers evidence of the relationship between these Accounting Software System and business performance; though it is important to highlight that an in-depth study is required to examine other factors that may influence this relationship. The service quality dimension (User-friendly, reliability, efficiency) impact to the business performance 66.4%.it is not affect to the 33.6% to business performance. This study showed that there is strong relationship between accounting software system and business performance, which means access to accounting information, will lead to organizational effectiveness. Therefore, it can be concluded that accounting information systems have an impact of the business performance of the Anuradhapura city.

5 Recommendations for Further Study

Throughout working on this study, some suggestions concerning the expansion of the present study have arisen. First, in terms of data collection, I would suggest to collect data from different sources. Secondly, I would suggest similar studies to be done in more business in order to compare the findings with the findings of this study. Finally, a similar study could be carried out focusing on the effectiveness of accounting software systems in enhancing the business performance. Similarly, a similar study could also be carried out focusing on factors influencing implementation of accounting software systems or even challenges faced during implementation of accounting software systems in the business performance Anuradhapura city.

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