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# Examining the Status of Accounting Information Systems from the Perspective of Public and Private Managers

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### ABSTRACT

All organizations' goal of using information systems is to increase productivity and efficiency. Activity in today's competitive and changing environment has created the need to find and take advantage of new and efficient ways to gain information. In this regard, information systems must be tailored to the new needs. Accordingly, the aim of this paper is to examine the status of accounting information systems (AIS) from the perspective of public and private managers in Ardebil, which has been carried out based on a questionnaire. Eighty questionnaires of public managers and 70 questionnaires of private managers were complete and acceptable, which were analyzed using independent t-test through SPSS software. The findings suggest that the importance of AIS is higher in the view of private managers than in the view of public managers.

**Keywords:** System, AIS, information systems status, managers' knowledge

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### INTRODUCTION

With the onset of the information and communication era, technologies with high speed and accuracy and much less margin of error than human dominated all fields day by day. Meanwhile, due to expansion of trade, accounting major had urgent need to speed and accuracy and sought ways to minimize human error. Keeping the pace with other sciences, accounting has gone under dominance of technology, and has gotten many advantages from this science under the title AIS. Development of technology and explosion like abundance of data in the present century in management area, like other sciences, has been able to have a profound effect to further the goals of managers. On the other hand, as every new phenomenon has some advantages in advancing the situation, it also brings its complexities. "The political and economic crises that small and large enterprises and organizations face have made the conditions more complex than before. And because of that, management has changed state from a decision for a life time to a decision for a day" (Mullah Nazari and Zarabi, 2013). In the meantime, more accurate decisions of management are increasingly getting dependent on acquiring knowledge and updating information and new capabilities. If organizations are conceived as static units, it is possible to develop management accounting techniques in accordance with their needs. However, the organizations change with entry and exit of managers and staff. "Accounting information systems (AIS) as part of management information system (MIS), and accounting management as part of the accounting information system has the responsibility to provide the information needs of managers for planning and controlling" (Imani and Sotoudeh, 2013). Determining which sub-system or main system the accounting system of an organization is directly under is a difficult task, because there are different systems with different modes in various institutions, and in action there is a complex relationship between them that extremely blurs determining the borders or territory of a system and the interface of systems. But with the accelerated growth of information systems, MISs are recognized as one of the main systems of managing an institution and accounting system and have introduced accounting system as part or sub-system of it (Mullah Nazari and Zarrabi, 2012).

AISs are a basis for decision-making of managers, and managers are able to make the correct decision only when system information at their disposal, in addition to the characteristics of relevance and timeliness, has security to ensure the capability of the used information (Pourheydari, 2006).

Naturally, weakness of AIS or its malfunctioning can cause paralysis of the organizations in the face of environmental and surrounding conditions. With all this said, managers are supposed to make efforts in order to establish a proper and accurate

system of information so that they can fulfill their daily duties. However, unfortunately, in practice this incident rarely happens (Arab Mazar Yazdi).

### **Literature review**

In his paper "The need to review the status of AIS in education and accounting profession," Arab Mazar Yazdi emphasizes that there is a need to have changes in attitude of the managers towards AIS, and the result of this is the promotion of the current status of AIS in the organizations and their getting close to the real status of the organization. It is only in such circumstances that one can expect the financial information system to be of help to managers in optimum management of organizations and companies and contribute to progress and improvement of their position.

In their paper "accounting information systems and social network analysis," Sadeghzadeh and Naghizadeh suggest that, due to direct interaction and integration with the computer, AIS has a special place. With the advances in information and communication technologies, data transactions are recorded electronically and the importance of AIS increases day by day.

In a paper "appropriateness of accounting information systems," Zarrabi argues that what is important for managers is awareness of the incidents and quick addressing of the problems and identifying opportunities that is carried out with a powerful tool called information systems to improve the efficiency, effectiveness and ease of the reporting process.

Management accounting system is of the most basic and major management information systems. Therefore, the task of management accounting system is providing information needs of different levels of managers in the planning and control of resources, performance evaluation and decision-making (Talebniya).

Khajavi (1996), in his study, has divided the problems of development of management accounting systems in manufacturing companies of Iran into two categories: inside and outside the organization. He considers the inside the organization problems mainly due to lack of awareness of managers of methods and concepts of management accounting, and sees lack of stable prices, uncertainty about fiscal and monetary policies and other government policies in economic issues as external causes of the problems.

Moazez Gharabagh (2003) reached the conclusion, in his study, that management accounting system plays a lesser role in water companies' management decision making and its status is not satisfactory that is due to the lack of adequate acquaintance of corporate managers with this information system.

Mock (2006) in a study with the title "value making concepts of accounting information" dealt with determining the necessity of understanding the value of information and stated that using accounting information systems has a constructing role in monitoring, planning and management decisions. Information systems can be considered as the intersection of two broad issues of accounting and management information system.

Robert (2003) in a study argues that if a project is not managed well, the active support of the manager will not be effective. In fact, the main issue about the management commitment towards the project is to show the performance and flexibility of implementation project to the users.

Ismail (2009) in a study writes that the data is useful that has characteristics of timeliness, relevance and reliability, and a system is capable of providing this data that has created the necessary harmony between the needs of consumers and hardware and software processing capacity of the organization.

Past research suggests that despite the many initiatives and efforts in employing developed techniques of accounting system, so far most managers have used accounting system in their decisions less or have less awareness of accounting information systems.

Also the limit of using management accounting system in providing information for managers is unknown. Is this system widely used or not?

What is the status of management accounting information system? Are accounting information systems important for managers and to what extent do they use them in their decision making? These questions and other similar questions resulted in carrying out this study.

### **Research hypotheses:**

Accounting information systems do not have the same status in the view of public and private managers  
Managers pay special attention to the role of accounting information systems.

### **Research Methodology**

The present study is applied regarding the purpose and tries to prove the status and importance of accounting information systems in decision-making of managers. At the same time, regarding data collection and analysis, this study is a descriptive-survey one, because the researcher seeks to examine the status of accounting information systems among public and private managers through a questionnaire.

The population in this study has been all public and private sectors' managers of Ardabil, which is 110 cases, all the cases, from public sector managers and after systematic removal of these industries and companies 96 companies form private sector.

In order to maintain the integrity of research, statistical sampling is not used, and the only reasons of the removal of some of the companies are being managed in a workshop way and lack of AIS. In addition, study population was adjusted with the following restrictions:

- The companies should have accounting information systems.
- The companies should have administrative and financial systems.

**Company size**

Due to lack of standard inventory, a research designed questionnaire was used, and using the comments of teachers and experts of accountants, the validity of the questionnaire was high. The reliability was calculated with Cronbach's alpha as 0.97, and since it was more than reliability- 0.70, it can be concluded that the used questionnaire has the needed research reliability. From among the questionnaires distributed among public and private managers, government administrators and 80 questionnaires of public and 70 of private managers were complete and acceptable, which were analyzed using independent t-test by SPSS software.

**Hypotheses testing**

Interpretation of test results

Research Hypotheses:

Accounting information systems do not have the same status in the view of public and private managers.

Managers pay special attention to the role of accounting information systems.

Test analysis gives us a lot of information that are necessary for conclusion regarding the hypotheses.

**Table (1): Distribution of respondents according to financial data (public and private managers)**

Methods of getting financial information	Public managers		Private managers	
	Frequency	Percent	Frequency	Percent
From AIS	15	18.75	34	48.57
From financial assistance	44	55	11	15.71
From financial managers	21	26.25	20	28.57
From the employees	-	0	5	7.15
Total	80	100	70	100

According to the results, 7.15 percent of the respondents, with the lowest frequency, are of financial information from the employees, and 48.57 percent, with the highest frequency of receiving financial information, are of financial data systems.

**Table (2): Descriptive statistics of research variables**

Row	Statistical indicators	Frequency	Average	SD	Significance
1	Managers	150	1.4667	0.50056	0.04087
2	Gender	150	0.0993	0.29187	0.2383
3	Age	150	3.2133	0.76489	0.6245
4	degree	150	2.5933	0.77803	0.06353
5	Major	150	207467	1.35699	0.11080
6	Experience	150	3.2933	1.33887	0.10932
7	Management experience	150	2.0533	1.23041	0.10046
8	Receiving information	150	2.0133	1.23041	0.10046

**Table (3): Descriptive statistics of research Hypotheses**

Components		Average %		SD		Average error	
		Public	Private	Public	Private	Public	Private
AIS status	Managers' Decision	54	70	0.16265	0.11146	1.45480	0.93250
	Reduction in costs	61	74	0.13114	0.08703	1.17294	0.72817
	Managers' success	72	75	0.09430	0.07248	0.84344	0.60638
	Usage	66	97	0.09889	0.07258	0.87447	0.60724
	Efficiency	67	97	0.11024	0.07760	0.98589	0.64926
	Cost for the system	65	81	0.08877	0.011915	0.79369	0.99679
	Result of decision	67	89	0.08102	0.06526	0.72468	0.54602
	Monitoring and control	63	76	0.09702	0.09229	0.86776	0.77219
	Speed and accuracy of managers	67	71	0.09512	0.08523	0.85082	0.71308
	Speed and accuracy of financial system	71	95	0.09026	0.08326	0.80730	0.69663
AIS importance	Transparency of Reporting	67	88	0.09968	0.10747	0.89159	0.89916
	Tax transparency	71	78	0.09136	0.14045	0.81714	1.17505
	Transparency of accountability	76	74	0.07387	0.16468	0.66072	1.37780
	Reduction of financial distortions	67	87	0.06104	0.08228	0.54599	0.68841
	Financial systems security	72	88	0.09808	0.06426	0.87728	0.53761

According to the averages obtained, the use and efficiency of accounting information systems in management of private industry with 97% has the highest rank among the variables, and the impact of accounting information systems on public managers decision making with 61% is the lowest among the components.

**Table (4): Likelihood ratio test**

Components		Likelihood ratio test		
		Chi-square test	Degree of freedom	Significance level
AIS status	Managers' Decision	71.387	6	0.000
	Reduction in costs	45.133	4	0.000
	Managers' success	1.291E2	4	0.000
	Usage	52.160	5	0.000
	Efficiency	68.240	5	0.000
	Cost for the system	42.467	4	0.000
	Result of decision	75.520	5	0.000
	Monitoring and control	64.800	4	0.000
	Speed and accuracy of managers	1.097E2	4	0.000
	Speed and accuracy of financial system	14.467	4	0.006
AIS importance	Transparency of Reporting	29.120	5	0.000
	Tax transparency	69.533	4	0.000
	Transparency of accountability	48.333	4	0.000
	Reduction of financial distortions	95.933	4	0.000
	Financial systems security	41.520	3	0.000

**Table (5): Leven test**

Leven test for equality of variances				Average test for equality t (t-test)							
Hypotheses	F	statistic	Significance level	T	Statistic	Degr of freedom	Significance level	The average difference	Error	Level of confidence 95%	
										lower limit	upper limit
AIS status	equality of variance	5.735	0.018	-13.517		148	0.000	-1.73169	0.12813	-1.98516	-1.47887
	inequality of variance			-13.767		0.43145	0.000	-1.73169	0.12580	-1.98061	-1.48332
AIS importance	equality of variance	2.831	0.095	-9.457		148	0.000	-1.19672	0.12535	-1.44450	0.94907
	inequality of variance			-9.415		0.744132	0.000	-1.19679	0.12711	-1.44821	0.94536

**Table (6): Status of accounting information systems in the view of public and private managers**

Row	Statistical indicators	Frequency	Average	SD	Significance level
1	Managers	Public	80	6.5138	0.87522
2		Private	70	8.2457	0.66151

According to the average obtained for public managers as 6.5138 and private managers 8.2457, it can be concluded that the status of AISs is higher in the view of private managers than public managers.

**Table (7): The importance of accounting information systems in the view of public and private managers**

Row	Statistical indicators	Frequency	Average	SD	Significance level
1	Managers	Public	80	7.1175	0.68672
2		Private	70	8.3143	0.84755

According to the average obtained public managers 7.1175 and private managers 8.3143, we come to the conclusion that public and private managers give special importance to AIS and this importance is more in the view of private managers.

According to the above results, we conclude that private managers, due to direct access to AIS, mostly use the results of AIS in decisions, but public managers get help from their deputies and managers to decide.

Since the direct connection with the accounting systems makes decision-making easier and convenient, it has made private managers more successful than public managers in this regard.

**Hypothesis one**

$H_0$  = accounting information systems have the same status in the view of public and private managers

$H_1$  = accounting information systems have different statuses in the view of public and private managers

Since Sig. (2-tailed) = 0.000 and less than 0.05, we conclude that  $H_0$  is rejected and with its rejection  $H_1$  is confirmed. This means AISs have different statuses among public and private managers.

Given that the t-statistic under the equality of variance is obtained as 13.517 and the significance level is 0.000, at 95% confidence level the hypothesis is confirmed. In other words, the average status of AISs is significantly different in public and private companies and also according to the average of public managers 6.5138 and 8.2457 for private managers, we conclude that the status of AISs for private managers is higher than public managers.

To test the first hypothesis, significance level of Leven test is Sig= 0.018 and this amount is less than 0.05. As a result, the variances of the two groups are uneven. Given that the value of t statistics under heterogeneity of variance is obtained as -13.767 and significance level as Sig= 0.000, the first hypothesis is confirmed. In other words, the average status of AISs in this area is significantly greater in the view of private managers compared to public managers'. Thus, the first hypothesis is confirmed.

**Hypothesis 2**

$H_0$  = Mangers do not pay special attention to status of AISs.

$H_1$  = Mangers pay special attention to status of AISs.

Given that the Sig. (2-tailed) = 0.000 and is less than 0.05, we conclude that  $H_0$  is rejected and with its rejection  $H_1$  is confirmed. That is mangers pay special attention to status of AISs

Given that the t-statistic under the equality of variance is obtained as -9.457 and the significance level is 0.000, at 95% confidence level the hypothesis is confirmed. In other words, the average importance of AISs is significantly different in public and private companies and also according to the average of public managers 7.1175 and 8.3143 for private managers, we conclude that despite the importance of AISs to managers, private managers pay more attention to AISs compared to public managers.

To test the second hypothesis, significance level of Leven test is Sig= 0.095 and this amount is less than 0.05. As a result, the variances of the two groups are uneven. Given that the value of t statistics under heterogeneity of variance is obtained as -9.415 and significance level as Sig= 0.000, the second hypothesis is confirmed. In other words, the average importance of AISs in this area is significantly greater in the view of private managers compared to public managers'. Thus, the first hypothesis is confirmed.

### **Discussion**

A) As expected, there is a significant relationship between the status of AISs in the view of public and private managers, which is reasonable. This relationship can be explained this way: AISs have a special status among public and private managers, but according to the average obtained, we conclude that private managers give more importance to it compared to public managers. Moreover, compared to public managers, they pay higher costs for updating these systems and take many advantage from these systems.

### **First hypothesis**

Since Sig. (2-tailed) = 0.000 and less than 0.05, we conclude that  $H_0$  is rejected and with its rejection  $H_1$  is confirmed. This means AISs have different statuses among public and private managers. According to the average of public managers 6.5138 and 8.2457 for private managers, we conclude that the status of AISs for private managers is higher than public managers.

### **Second Hypothesis**

Given that the Sig. (2-tailed) = 0.000 and is less than 0.05, we conclude that  $H_0$  is rejected and with its rejection  $H_1$  is confirmed. That is managers pay special attention to status of AISs. According to the average of public managers 7.1175 and 8.3143 for private managers, we conclude that despite the importance of AISs to managers, private managers pay more attention to AISs compared to public managers. We conclude that AISs are the most important part of companies, industries and public and private firms and the closer relationship managers have with AISs in decision-making, the better decisions and results they will have. Since the direct connection with the accounting systems makes decision-making easier and more comfortable for the managers, private managers have been more successful than public managers in this regard.

### **Suggestions**

#### **Suggestions based on research**

Results of Hypothesis 1 show that the status of accounting information systems in the view of private management is much higher than in the view of public managers, thus it is recommended that government managers pay more attention to the status of accounting information systems as well.

Results of Hypothesis 2 show that accounting information systems are of great importance in the view of private and public management. Therefore, it is suggested that managers can benefit even more from accounting information systems, due to the impact and the role of accounting information in management systems.

### **Suggestions**

In the future, an important role can be realized for accounting information system. In the condition that all facilities are easily available, there is no excuse for the use of traditional and manual systems. Companies that have capability of implementing AIS will greatly be benefited from that in the future. Companies through on line and in time provision of financial documents will be able to win the consent of the investors. They will also be able to understand their past financial decisions affect better and better predict the decisions related to future.

As through such a system, the delay of sending information would be minimized, making the decision is possible very soon and management can be sure about the decisions taken.

With all this said, by reducing bad decisions costs are reduced in the end, and the efficiency and effectiveness of the company's economic decisions will improve. Moreover, the implementation of accounting information system in the long run will strengthen financial markets and economic dynamism.

### **Suggestion for further research**

Given that this research is carried out in one province, it is suggested that the study be conducted in other provinces, particularly in industrial ones, and managers be informed about the status, importance, performance, application, advantages and disadvantages of modern accounting information systems.

### Research limitations

In determining the position and importance of accounting information systems questionnaire is used to collect data. Therefore, according to their subjective assessment, respondents announced the extent of impact that can be a bit different from reality, and this is can be noted as one of the inherent limitations of the questionnaire. Of the other limitations of the study is using the directors of government departments rather than firms and public industries because of the lack or low number of firms and state-owned industries in Ardabil.

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