JAT

Journal of Accounting and Taxation

e-ISSN 2808-7127

Volume 2 No 3 November 2022

The Role of Accounting Information Systems In Organizational Decision Making: Evidence From Banking Sector In Ghana

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Abstract

Accounting information system is very vital in management planning and decision making. The objective of this work was to find out the role of accounting information system in management planning and decision making, with reference to some selected financial institution in Sunyani municipal area. Which includes; how accounting information system helps management in decision making and planning to identify challenges associated with the use of accounting information system in decision making. The method used for the research was based on personal interviews, questionnaires, of the above financial institutions. The research revealed that informed financial decision enhances overall performance of the enterprise. The research showed that, there were some challenges that accounting information system limits the idea of management to only accounting standards, inclusion and omission of accounting information system and is sometimes difficult to understand and this discourage firms and consumers from adopting them for planning and decision making. After the research, it has been recommended that there is the need for banks and other financial institution to educate their staff and consumers about the use of accounting information system and all the pro and cons of each standard and information adopted by the firm. It is inevitable fact that financial institution performs below expectation and some also outside the scope set by accounting standard. The adoption and use of the accounting information system was found to be high but poor in management planning and decision making due to lack of knowledge, consistent changes in accounting standards and also poor timing of information. In conclusion, accounting information system has played an important role in management planning and decision making in the various financial institutions in the world, accounting information system prepares the whole range of different information for different users. The management of different organisation in the world can measure and examine the business quality of the entire institutions on the basic of the accounting and financial information.

1. Introduction

1.1. Background of the Study

The need for information is vital for tangible and very specific management decision to ensure the success and survival of an organization and since the aim of any business organization is profitability and survival into the foreseeable future. Accounting information is indispensable to achieving this goal. (Srivastata & Lognathan, 2016). The accounting system captures, stores, processes and communicates information in accordance with

applicable professionals, industries and government standards and also the organization's own requirement. Management accounting is an important part of the economic information system, with a key role in decision making, whether we talk about small and medium enterprises or large companies. However, management accounting is superficially treated in most economic entities (Natalipa-mihaela & Adreea-mihaela, 2015). For a business to be more effective, reliable and to have a sound business decision will depend largely on the validity and reliability of the financial information made available to the decision maker as at the time such decisions are made (Kourdi, 2015). The researcher therefore intends to study on the use of accounting information system in management planning and decision making.

In recent years, firms started growing rapidly globally and as part of this change is an accounting information system. For any change to take effect depends largely on data and information being available. Businesses should collect high quality data which will lead to high quality information to those businesses. This information will be the way to plan, control, and to make the right decision. Accounting information system (AIS) is vital to all organizations (Jawabrech & Alrabei, 2012).

In recent time's significant environmental changes has been the expansion of business activities worldwide. Users of accounting information should be familiar with the wide array of accounting information globally, such as accounting information from various entities in Japan, China, United States of America and others. On the other hand, many U.S companies have operating divisions in foreign countries. The economic environment of today's business is truly based on a global economy (Christensen, 2013). Accounting practices among countries vary widely. Attempts are being made to make those practices more consistent among countries. In an attempt to harmonize conflicting national standards, the International Accounting Standards Committee (IASC) was formed in 1973 to develop worldwide accounting standards. This body now represents more than 100 accountancy bodies from 82 countries (including the United States).

International Accounting Standards Committee standards are gaining increasing acceptance worldwide. For example, in an entity revamping its accounting system, China is rewriting its accounting rules to be in very close agreement with International Accounting Standards Committee. Accounting information is increasingly accepted worldwide. The concepts of accounting information are universally considered to be the most extensive and stringent in the world. However accounting information is the heart of success of all businesses in the world globally. Accounting information can be used to translate different events into a common financial event. Accounting information uses formalized procedures for collecting and reporting information that creates a common language with which members of the organization can communicate. Formalization permits the transmission of information with fewer symbols and this facilitates the coordination between different functions that needs to provide input to the decision-making process. However, accounting information is also an imperfect representation of the underlying decision problem, since not all aspects involved can be quantified perfectly in financial numbers (Jawabreh & Alrabei, 2012).

Accounting information may help managers to understand their tasks more clearly and reduce uncertainty before making their decisions (Sekaran & Bougie, 2016). We talk about uncertainty, as a lack of information compared to what a decision-maker needs to make a decision and the fewer managers are able to predict the outcomes from their actions; these affect daily operations (Hunink et al, 2014)

Accounting information has played an important role in management planning and decision making in the various organizations in Africa. Accounting information system prepares the whole range of different information for various users. The management of different entities in Africa can measure and examine the business quality of the entire company based on accounting and financial information. (African Accounting Council (AAC). The AAC was established in 1979 and is a specialized agency of the Organization of African unity (OAU). It provides assistance to institutions in member countries on standardization of accounting and promotes education, further training and research in accountancy and related areas of study. The AAC has its headquarters in Kinshasa, democratic republic of Congo. Delivering value that clients care about is the backbone of organizations and international positioning as value providers. The management of various organizations in Africa works in new ways to innovate practical solutions, via a wide range of services and across a broad spectrum of industries that deliver value to clients. The management's integrity and professional competence are the backbone of organizations globally. They work hard to earn and maintain their clients' trust and confidence. To ensure that management provide quality professional services in an independent, objectives and ethical manner and implement a number of global professional development initiatives, quality and compliance that safeguards accounting information. Accounting standards Board (ASB).

Accounting standards board of Africa was established in terms of section 91 of the Public Finance Management act, (act 1of 1999) (PFMa) as amended and sets standards and guidelines for financial reporting as required by the constitution of South Africa. A key priority of the board to develop a core set of standards of gap by 2009. The board, therefore, reviews its work programmed regularly to assess the status of on-going and potential projects to identify priorities.

1.2. Accounting information in Ghana

Ghana has adopted international financial reporting standards(IFRS), in place of Ghana national accounting standards, as of 1st January, 2007 for all listed companies, government business enterprises, banks, insurance companies, security brokers, pension funds, and public utilities. These accounting standards serve as guide to various organizations in Ghana to prepare their annual financial statement in accordance with accounting standards. The management plan as to what to produce, when to produce, how to produce and who to distribute decision based on accounting information.

In 2014, international public sector accounting (IPSA) was launched by the minister of finance, Mr Terkper, as a new process for adoption and implementation of the accrual basis of international public sector accounting standards (IPSAS). The IPSAS, which is a high-quality global financial reporting standard for use by public entities around the world, would serve as the basis for preparing and presenting financial statements of funds. It was initially issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants and meant to serve the public interest by requiring the presentation and disclosure of the financial transactions in a comprehensive and consistent manner, to enhance transparency and accountable management of public resources. The minister launched the IPSAS at a forum organizethe d by controller accountant general's department (CAGD) in collaboration with the Institute of Chartered Accountants Ghana to create awareness among public sector institutions and the public on the adoption of accounting standards solely for the sector. From the descriptive model of the basic features and

assumptions decision-making perspective business, it is easy to recognize that decision-making is the focal point of management accounting information. The concept of decision making is a complex subject with a vast amount of management literature behind it and how business organizations make decisions has been intensively studied.

1.3. Statement of the Problem

It is largely accepted that accounting information is much needed in performance of financial institutions. The use of accounting information become the major problem, therefore, there is the need to investigate into the relevant used of accounting information in management planning and decision making to the various financial institutions. The research will study how accounting information is helping financial institutions to achieve its set target. Accounting information which is a means to adopt and train management and employees to sustain and increase productivity of financial institutions has been undermined by institutions in Ghana now due to frequent changes in accounting standards.

1.4. Significance of the Study

The purpose of the study is to find out the impact of accounting information system and how an accounting information system is useful to the users of such accounting information system in various entities and its environment. At the conclusion of this study, individuals, firms and government would be willing to put resources into financial institutions to produce reliable, quality financial information to aid its users especially management in decision making and planning. Reliable, quality accounting information would positively impact the economy through foreign investors in various entities after been convince by the accounting information.

1.5. Limitation of the Study

Research work generally entails its own problems. The researcher getting information for the study may encounter some prominent problems, which include, time factor, lukewarm attitude of some respondents and financial constraints.

Time available for information collection and study of relevant books is of limit. This is as a result of combining academic work with the project work during the same semester. The attitudes of respondents to grant audience to the researcher also affect the work.

2. Literature Review

This chapter intends to review literature related to this study in a form of evaluating concepts, ideas, and relevant information. This research brings out the clear-cut differences between ordinary information and data-derived information. In addition to the diversification in accounting information systems, comparing of internal and external factors in influencing information for management plans and decision making will require quality information.

2.1. Concept of Accounting Information

Accounting information has evolved through centuries alongside civilisation from exchange of good (Trade-by-barter) using symbols and cowries onto record keeping methods, as we have today's people in all civilisation maintaining various type of records of businesses activities, Fesser et al. (2005). The oldest known is the day tablet record of payment of wages in Babylonia around 3600 BC. There are numerous evidences of record keeping system of accounting control in ancient Egypt and in the Greek city states. The earliest known English

records were compiled at the direction of Willia in the conqueror in eleventh century to ascertain the financial resources of the kingdom by using accounting information. Accounting information includes accounts, balance sheets, costing accounting system, fund book-keeping which dates back to the middle ages and a known description of the system. Caria et *al.* (2016).

In recent years, the advancement of information system modules all over the world has helped business firms exert resources in this area to get power to compete favourably among their local and foreign counterparts, more effectively. Today, most modern business organizations find themselves in the atmosphere of global uncertainties, high competition levels locally and internationally and unprecedented change in the economy. Hence, a great demand is often placed on the managers of these organizations to make suitable and informed decisions. Copeland & Dascher, (1978). The economic evidences or databases mostly provide most information of the economic systems. Zare and Shahsavari (2012) mentioned that most parts of information in organizations are accounting information. This statement evidenced by the fact that the accounting information systems include components and elements of an organization, which provides information for accounting information users by processing financial events.

2.1.1. Origination of accounting information

The sources of Accounting In formation are internal, although, there may be several departments that furnish the information depending on the type of business. The Accounts department is central. Accounting Information mostly originates from Accountants from accounting departments of organisation. They provide management with the needed information used in conducting the affairs of the business or the organisation.

2.1.2. Relevance of accounting information

As already noted, accounting information is indispensable in the management activities in any organisation. It provides quantitative information about economic entities. The information is primary financial in nature and intended to be useful in making economic decisions (Bengstrom and Randall, 2016). Accounting information system is needed not only by management in directing the affairs of the co-operation but also by shareholders, who require periodic financial statement in order to appraise management performance. (Brigham, 2014). Government for efficient distribution and use of the nation's resources needs it thus; it plays an important role in all economic and social systems. It helps in checking irregularities and misappropriations. Accounting information systems is the livewire of any organisation without which it is likely to remain static or in worse in management planning decision-making.

2.1.3. Uses of accounting information system

Accounting information is a part and parcel of today's life which is necessary to understand the accurate financial situation of the organization and used as the basis of making any decisions (Ullah, Khonadaka and Fahim, 2014). Since strategic decisions have long-term effect on the business and therefore it is important to analyze accounting information for making strategic decisions. Accounting information helps managers understanding their tasks more clearly and reducing uncertainty before making their decisions (Chong, 1996). Accounting is sometimes referred to as a means to an end, with the ending being the decision that is helped by the availability of accounting information (Arneld and Hope, 1990).

2.1.4. The limitations of accounting information system

(Mithas, Krishnan & Fornell, 2013) studied how accounting information systems can affect the performance evaluation of two business-unit managers. (Giminez, van der Vaart, & Pieter van Donk, 2012) also examine whether the effect on how the measures are organized depends on which type of category that is, financial or non-financial contains, the performance between business units. They predict that information organisations will have a greater effect on the evaluation hen performance differencesappearingr in the financial category. (Passari & Rey, 2015) prior results on the uses of financial and non-financial measures are still inclusive.

2.1.5. Overcoming the limitations of accounting information system

(Rundqvist, 2015) suggests that to overcome problems that results from a sole focus on financial measures to process information may lead management to place more weight on financial performance measures than management of an unformatted balance scorecard.

(Reitzig & Sorenson, 2013) implies that if evaluators assimilated all measures without bias, then the format of balanced scorecard would not matter. However, because format, in fact, appears to have a strong impact on how evaluators assimilate measures, firms should carefully consider how they display these measures.

2.1.6. The conceptual accounting information

(Krechel & Salterio, 2016) defined accounting as information system that produces reports to the interesting parties about economic activities and company's condition. The primary objective of accounting is to provide information that is useful for management planning and decision making. It means that accounting is information that influences managerial decision.

(Peppand & ward, *2016*) also argues that the objective of accounting is simply so produce information used by manager's operation. Accounting also gives information in the interesting parties about economic performance and company's condition. According to,(Abbasi, Sacker & Chiang, 2016) accounting role is to gather data about a business's into activities provide a means for the Dam's storages and processing and converts these data into useful information influence management decision making process.

(Laudon & Laudon, 2016) Developing accounting information and communicate this information to decision rulers. Accounting information is raw data concerning transactions that have been transformed into financial numbers that can be used by economic decision rulers.

(Pram, 2016) also stated that accounting information is knowledge or news about an estimation of financial rulers. That is accounting information is central so many different activities within and beyond management planning and decision making.

According to (peppard & Ward, 2016) the types of accounting information that a company develops vary with such factors as the size of the organization, whether it is publicly owned, and the information needs of management. The types of accounting information required depend on the types of business decision made by management. It means that role of accounting information assist managers in making business decisions.

2.2. Concept of Decision Making

Decision-making is the study of identifying and choosing alternatives based one the values and preferences of the decision maker. Making decision implies that there are alternatives to

be considered and in such a case, we want not only to identify as many of these alternatives as possible but also to choose the one that best fits with our goals, objective, desires, values and so on. (Ehereberg & Smith, 2016).

Addai,(2013), also mentioned that decision making is the "process of sufficiently reducing uncertainty and doubt about alternatives to allow a reasonable choice to be made from among them." According to him, decision-making emphasizes the information gathering for management function. It is where uncertainty is reduced rather than eliminated. In addition, very few decision are made with "absolute certainty because complete knowledge about all the alternatives in seldom possible. Thus, every decision involves a certain amount of risk".

According to (Stewart, French &Rios, 2013), decision-making should start with the identification of the decision maker(s) and stakeholder(s) in decision, reducing the possible disagreement about problem definition, requirements, goals and criteria.

2.3. Empirical Accounting Information

In my study, most research to date concerning of an accounting information system in management planning and decision making has a greater impact rather than narrow and inflexible view of accounting information system.

According to (Zeitun & Tian), 2014 financial data has limitation as measure of a company performance. He stated that other measures, such as quality may be better at forecasting, but can be difficult to implement, hence management decision may rely on financial data.

(Fullerton, Kennedy & Widener, 2014) argues that integration of accounting information lead to coordination in organization, which in turn, increasing the quality of decision.

(Scott & Davis) 2015 also argues that accounting information are important parts of the fabric of the organizational and environmental information not only depends on the purpose of such system but also depends on contingency factor of each organization.

According to (Peppard & Ward, 2016) accounting information are said to be effective when the information provided by them serves widely the requirements also system users. Effective information should systematically provide information, which has potential effects on management decision-making process.

(Mai, 2016) Accounting information is usually categorized under two groups: Information that influences decision-making and mainly for controlling the organization; and information that facilitate decision making process and mostly used for coordination within an organization.

(Laudon & Laudon, 2016) revealed that an effective administrative control system is necessary to provide mangers with information concerning functions and activities. That is information then used in managerial decision-making process.

Some researcher in accounting shows that effectiveness of accounting information systems depends upon the quality of output of the information system that can satisfy the can satisfy the needs of the users.

3. Research Method

This chapter outlines the procedures, which had to be followed to achieve the outcome of the study. It talks about the research design, population, sample size, and data collection

procedure. This study considered data collection as an important part of management plans and the decision-making process, which looks forward to data analysis to provide up-to-date information needs for organizational decision-making.

Therefore, the researcher adopted the two main approaches (primary and secondary) of gathering information with regard to the various data requirement and analytical techniques.

Here, the entirety and eminence of data have been stressed to avoid bias or misleading information that can damage any effective decision-making process.

3.1. Study Design

To ensure the core aspects of information needed for this research, the research design instruments including questionnaire item and interviews used for data collection. The study type looks at the particular nature of the investigation to be undertaken. The research was concerned with the role of accounting information ssystemsin decision-making. In this regard, exploratory type of study was used; this is because my main objective was assess the role of accounting information system in m decision-making. There are is many different kinds of areas to choose from for the study. The researcher settled on GCB Bank, Sunyani branch because of their cordial relationship towards others and there are a lot of services they render to customers, and the benefit the people gain within that municipality.

3.2. Study Population

This study was conducted to take information concerning the role accounting information system plays in management planning and decision making within the Sunyani Municipality. The population of the study consists of management and staff of GCB Bank, within Sunyani Municipality, the general population tototalingbout eighty-five (85) with which the responses from them will help me to complete my research successfully.

3.3. Sampling Techniques

The researcher used the simple random sampling approach, which is a random sampling method based on the theory of probability. The researcher used the simple random sampling technique is obtaining data from the staff of GCB Bank.For the purpose of the research, the population which the researcher used was two hundred and fifty (250). Out of this population, eighty-five (85) were randomly selected from the various financial institutions. To achieve greater accuracy, a sample size of eight-five (85) respondent comprising mainly management and employees were considered representatives of the entire population of the financial institutions in Sunyani Municipality. The eighty-five (85) selected people were randomly sampled from the population.

3.4. Primary Approach to Data Collection

The study employed direct contact and oral questions to interview respondents who were made up of management and written questionnaires were used to support the interview. This helped to generate primary data for the project.

3.5. Data Analysis Method

Data analysis method is the process of evaluating data using analytical and logical reasoning to examine each component of the data provided. Data were analyzed using SPSS, which must be complete when conducting a research experiment. Data were analysed using percentages, statistical tables and charts to give a pictorial representation of the facts to

facilitate comprehension. In order to analyze the data collected with the aid of the questionnaires, corrections, and percentages were used to analyze the data. SPSS tool was used for analysis in order to minimize any intended error. This is because the statistical looks show the extent and relationship that exist between variables of the study.

3.6. Study Variable

The study highlights on the key component of the study. In this research, the study variable is based on Age, Educational background, functions of accounting information system, importance of accounting information system; challenges of accounting information system and the reduction of accounting information system and its impact of financial information system.

3.7. Ethical Consideration

Financial institutions including banks of all sorts have been considered by most people to have no other objective view than the creation of wealth. The performance of financial institutions is therefore measured with evaluation factors that review only their monetary bottom-line results. For confidentiality and understanding as well as to prevent inconveniences, respondent were informed and educated on the type of questions to answer. They also assured of their anonymity any confidentiality in the information presented.

4. Analysis, and Discussion

The research focused on data presentation, analysis and interpretation of the finding relating to this research topic, based on the data generated from the field survey. Out of the eighty-five (85) questionnaires were returned and found useful for this analysis, as such, analysis was based on seventy (70) responses.

4.1. Analysis and Data Presentation.

The study investigated "The role of Accounting Information System in Management Planning and Decision Making, a case study of a financial institution in Sunyani municipality. The number of questionnaires sent to the management was eighty-five (85) of which I retrieved only seventy (70) questionnaires.

The results of the analysis are presented beginning with the presentation of demographics (bio data) of the respondent as shown in tables below.

The tables below shows the summary of the personal information gathered from the respondent.

The chat below shows the name, year and establishment of financial institutions.

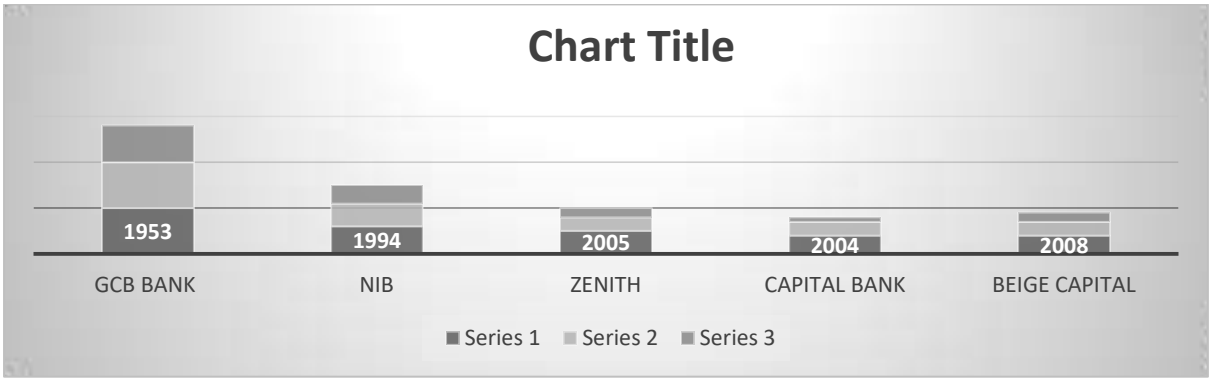

Chart 1: showing a bar chart of names and year of establishment

Year of Establishment and Names

 # YEAR # FREQUENCY # SERIES

Source: Field survey 2022

4.1.1. Gender and office of the respondent

Table 1. Showing the Gender and Office of the Respondent

	Office of the Respondent		
Gender	Head office	Branch office	Total
Male	19	20	39
Female	6	25	31
Total	25	45	70

Source: Field Survey 2022

The analysis from above indicates the information the offices of respondents and the gender as well. The information shows that twenty-five (25) of the respondent fall under the head office of which nineteen (19) of them were males and of the other six (6) respondents were females. With the branch office, twenty (20) of the respondents were males and the remaining twenty-five were females out of the forty-five respondent's. In all, among seventy (70) respondents, thirty-nine (39)of them were males and thirty-one (31) of them also were females.

In conclusion, the majority of the respondents were male with the total number of thirty-nine (39) out of seventy (70). This indicates that among the financial institutions the arena of my study, have more male workforce than females.

4.1.2. Age of respondent and marital status

Table 2. Showing The Age of Respondent And Marital Status

Age of Respondent	Marital status		
	Married	Single	Total
18-25	1	11	12
26-35	11	20	31
36-45	10	11	21
46 Above	6	0	6
Total	28	42	70

Source: Field Survey 2022.

From the table above showing the data of the age of the respondent relates to the data of marital status of respondent. From the range 18-25, one (1) of them was married and the remaining eleven (11) of the respondent were single totalling twelve (12). From 26-35 of the respondent eleven (11) were married and twenty (20) of them remain single totalling thirty-one (31). Between the age 36-45 of the respondent ten (10) were married and eleven (11) of them were still single amounted twenty- one (21). At the age 46 and above six (6) of the respondent were married and none of respondent was single out of the six (6).

In summary, the age range from 26-35 has the highest number of respondent who were married and respectively single out of seventy (70) respondents.

4.1.3. Length of service and educational qualification

Table 3. Showing The Length Of Service And Educational Qualification

Length of service	**Educational back ground**			**Total**
	Basic	**High**	**Tertiary**	
1-4	0	2	32	34
5-8	0	0	22	22
9-12	0	0	9	9
13 Above	0	0	5	5
Total	0	2	68	70

Source: Field Survey 2022

The data from the table above shows the information regarding to educational background and length of service. The analysis shows that out of the thirty-four (34) respondent in the range of 1-4 length of service, two of the respondent fall in high educational background and thirty-two (32) also fall under tertiary educational background but none of the fall under basic educational background.

The range of length of service from 5-8, none of the respondents fall under basic educational background and high educational background and twenty-two (22) of them fall under tertiary educational background qualification. In the range of length of service from 9-12, all the nine (9) respondents have tertiary educational background. Finally, five (5) respondents fall under the range

The decision reached after careful thought was that, majority of the respondents were in the range of 1-4 years length of service and have tertiary educational background.

4.1.4. Functions of accounting information system

Table 4. Showing The Function Of Accounting Information System

Variable	1	2	3	4	5	Total
Accounting information system help management to allocate scarce resources to the effective enterprise.	4	2	8	28	28	70
Financial Statement helps management to understand the performance and position of the enterprise.	4	1	8	29	28	70
Management can make forecasting via Accounting Information System.	2	3	11	33	21	70
Decision of the management largely depend on Accounting Information System.	2	7	11	27	23	70

Source: field survey 2022

Table 5. Showing The Percentage Of The Function Of Accounting Information System

Variable	Disagree %	Neutral %	agree %	Total %
Accounting information system help management to allocate scarce resources to the effective enterprise.	8.6	11.4	80	100
Financial Statement helps management to understand the performance and position of the enterprise.	7.14	11.43	81.43	100
Management can make forecasting via Accounting Information System.	7.14	15.72	77.34	100
Decision of the management largely depend on Accounting Information System	12.86	15.71	71.43	100

Source: field survey 2022

Under the function of accounting information system, i came out with four variables. The first was Accounting information system help management to allocate scarce resources to the effective enterprise. Which means accounting information system helps management to identify the sorts of investment to invest their scarce resources that will intend to yield a higher return / developed 1-5 to represent categories (strong disagree, neutral, agree and strongly agree) respectively which respondent vote and to choose from the chat of seventy (70), six (6) of them disagreed, eight (8) of the respondent were neutral and the remaining fifty-six (56) respondent agreed.

Then the second variable which is financial statement help management to understand the performance and position of the enterprise. This point also emphasizes, on the actual performance and the result of the enterprise. Financial accounting is concerned at one level with book-keeping that is, recording daily financial activities and at a more advanced level with preparation of the final accounts such as profit and loss account and balance sheet. Out

of seventy (70) respondent, three (3) disagreed, eight (8) were neutral and fifty- nine (59) of them agreed up on the variable.

The third variable considers was Management can make forecasting via accounting information system. Management accounting information is concerned with providing managers with management information such as information about costs, forecast of future costs and revenues. Meaning financial information can be fed to those who require such information for decision-making and record-keeping purposes. Out of the seventy (70) respondent five (5) disagreed, eleven (11) were neutral and fifty- four (54) of them agreed up on the variable.

The fourth variable was Decision of the management targely depend on accounting information system. Managers need information in order to manage the business efficiently and constantly to improve their decision-making capabilities. Out of the seventy (70) respondent nine (9) disagreed, eleven (11) were neutral and fifty (50) of them agreed up on the variable.

The graph below shows the mean of the variable functions of accounting information system.

4.1.5. Function of accounting information system

Table 6 Showing The Percentage Of The Function Of Accounting Information System

Variable	Disagree %	Neutral %	agree %	Total %
Accounting information system help management to allocate scarce resources to the effective enterprise.	8.6	11.4	80	100
Financial Statement helps management to understand the performance and position of the enterprise.	7.14	11.43	81.43	100
Management can make forecasting via Accounting Information System.	7.14	15.72	77.34	100
Decision of the management largely depend on Accounting Information System.	12.86	15.71	71.43	100

Source: field survey 2022

From the table above, the function that was considered necessary was the second variable that state that “financial statement helps management to understand the performance and position of the enterprise” with a total percentage of 81.43%, followed by “Accounting information system helps management to allocate scarce resource to the most effective enterprise” which generated a percentage of 80%. “Management can make forecasting via accounting information system” was the nest to be considered with a percentage of 77.14%. “Decision of the management targely depend on accounting information system” was the last function to be considered which had the least percentage mark of 71.43%.

4.1.6. Importance of accounting information system

Table 7. Showing The Importance of Accounting Information System

Variables	1	2	3	4	5	TOTAL
Informed Financial decision enhance overall						

performance of the enterprise.	3	2	20	24	21	70
Accounting Information System is relevant to management systematic and rational decision making.	1	2	18	28	21	70
The board of makes strategic decisions directors through accounting information system.	4	5	14	23	24	70
Decisions about the perceptions employees are made through accounting information system.	7	11	16	21	15	70
Decision as to whether the enterprise is making profit or not is made through accounting information system.	2	3	8	26	29	70
Decision about the overall performance of the organization via growth, effectiveness, efficiency and productivity is made through accounting information system.	0	2	15	28	25	70

Source: Field work 2022

Under the importance of accounting information 1 came out with six variables.

The first variable was “Informed Financial decisions enhance overall performance of the enterprise”. Meaning the information recorded in the various books of account can help management to make decision based on the overall performance of the enterprise. Out of it five (5) disagreed, twenty (20) were neutral and forty-five (45) agreed which constituted the highest number out of the seventy (70) respondents.

Then the second variable which was “Accounting Information System is relevant to management systematic and rational decision making”. Meaning accounting helps management to make decision that are relevant to entity in allocating its resources, with this three (3) respondent disagreed, eighteen (18) were neutral and forty-nine (49) of them agreed which indicates that majority of the respondent agreed to that variable.

The Third variable considered was “Strategic decisions are made by the board of directors through accounting information system”. Availability of accounting information can help management to choose suitable accounting standard and strategies to meet their budgeted objectives. Among of the respondents, nine (9) disagreed, fourteen (14) were neutral and forty-seven (47) which is the highest number among the respondent agreed.

The fourth variable was “Decisions about the perceptions employees are made through accounting information system”. The records keeping also help management to examine the performance of employees as to compare to the previous data. Out of the respondents eighteen (18) disagreed, sixteen (16) were neutral, thirty-six (36) agreed.

The fifth variable was “Decision as to whether the enterprise is making profit or not is made through accounting information system”. Financial data of the previous years’ help management to allocate limited resources to the most effective sector of their operations. Out of the respondents, five (5) disagreed, eight (8) were neutral and fifty-seven (57) agreed.

The last variable, which is the sixth variable, was “decision about the overall performance of the organization via growth, effectiveness, efficiency and productivity it made through accounting information system”. The measurement of the performance from the current year

to the previous year gives the management inside as to whether the company is making progress. From the respondents, two (2) disagree, fifteen (15) were neutral and fifty-three (53) of them agreed.

4.1.7. Importance of accounting information system

Table 8: showing the importance of accounting information system

Variables	Disagreed %	Neutral %	Agreed %	TOTAL %
Informed Financial decision enhance overall performance of the enterprise.	7.14	28.57	64.29	100
Accounting Information System is relevant to management systematic and rational decision making.	4.29	25.71	70	100
Strategic decisions are made by the board of directors through accounting information system.	12.71	20	67.14	100
Decisions about the perceptions employees are made through accounting information system.	25.71	22.86	51.43	100
Decision as to whether the enterprise is making profit or not is made through accounting information system.	7.14	11.43	81.43	100
Decision about the overall performance of the Organization via growth, effectiveness, efficiency information system.	2.86	21.43	75.71	100

Source: Field work 2022

From the above table, the variable that was considered the most important under the six variance of the importance of accounting information was the decision as to whether the enterprise is making profit or not is made through accounting information with the percentage of 81.43%. Followed by decision about the overall performance of the organization via growth, effectiveness, efficiency and productivity is made through accounting information with the percentage of 75.71%. Followed by accounting information is relevant to management systematic and rational decision with a 70.00%. Followed by strategic decisions are made by the board of directors through accounting information with a percentage of 67.14%. Followed by informed financial decisions enhance overall performance of the enterprise with the percentage of 62.29%. Followed by decision about the perceptions employees are made through accounting information system the percentage of 51.43%.

Under the challenges of accounting information, I came out with 3 variables. The first variable was “Inclusion or Omission of accounting information system would have an impact on management planning and decision making”. Meaning, accounting information system makes it easier for planning and controlling, since management decisions largely depend on previous data. Out of it, three (3) of the respondents disagreed, fourteen (14) were neutral and fifty-three (53) agreed. Indicating that majority of the seventy (70) respondents agreed to this variable.

The second variable, which was “Accounting Information System limits the idea of management to only accounting standards”. Accounting information system ensures

decisions taken by the management are within the scope of accounting standards. Out of the total respondents, thirteen (13) disagreed, fourteen (14) were neutral and forty-three (43) of the respondent agreed.

The third variable considered was "Accounting Information System is sometimes difficult to understand" which means accounting system is necessary to be understood by all. Among the respondents, four (4) disagreed, thirteen (13) were neutral and fifty-three (53) agreed.

Table 9. Showing Challenges Of Accounting Information System

Variable	1	2	3	4	5	N
Inclusion or Omission of Accounting Information System would have impact On Management Planning and Decision Making	1	2	14	33	20	70
Accounting Information System limits the Idea of management to only accounting standards.	6	7	14	30	13	70
Accounting Information System is sometimes difficult to understand	1	3	13	27	26	70

Source: Field survey 2022

4.1.8. Challenges of Accounting Information System

Table 10. showing challenges of accounting information system in Percentages

Variable	Disagreed %	Neutral %	Agreed %	TOTAL %
Inclusion or Omission of Accounting Information System would have impact On Management Planning and Decision Making	4.29	20.00	75.71	100
Accounting Information System limits the Idea of management to only accounting standards.	18.57	20.00	61.43	100
Accounting Information System is sometimes difficult to understand	5.71	18.57	75.71	100

Source: Field survey 2022

From the table above, the function that was considered essential was both the first variable that states that Inclusion or Omission of Accounting Information System would have impact on Management planning and decision making with a total percentage of 75.71% and third variable accounting information system is sometimes difficult to understand also with 75.71%. The last with the least percentage 61.43% which was attributed to the variable "Accounting information system limits the ideas of management to only accounting standards". In conclusion, the variable "inclusion or omission of accounting information

system would have impact on Management planning and decision making" and "Accounting Information System is sometimes difficult to understand are the highest variables".

4.1.9. Reduction of the challenges

Table 11. Showing Challenges Of Accounting Information System

Variable	1	2	3	4	5	N
Accounting Information System should be understandable by its users	3	0	6	26	35	70
Accounting standard and principle must be adopted by all management	0	4	13	27	26	70
Time factor in decision making largely depends on accounting information system	3	5	9	32	21	70

Source: Field survey 2022

Under the reduction of the challenges, i came out with three variables.

The first variable was "Accounting Information System should be understandable by its users", meaning there should be educational program to educate the user on how to use accounting information system. Out of it, three (3) of the respondent strongly disagreed, none of the respondent disagreed, six (6) were neutral and twenty-six (26) agreed and thirty-five (35) strongly agreed.

Then the second variable was "Accounting standard and principle must be adopted by all management", meaning preparation of final accounts of every entity should base on general accounting standards. Out of the respondent, four (4) disagreed, thirteen (13) were neutral, fifty-three (53) respondents agreed.

Third variable considered was "Time factor in decision making largely depends on accounting information system" meaning Time is money; hence delay in decision making affect the operation of the business as a whole. Out of the total respondents, eight (8) of them disagreed, nine (9) of the respondent were neutral, fifty-three (53) of them agreed on the variable.

From the table above, it is understood that majority of the respondent agreed to the variable "Accounting Information system should be understood by its users" would reduce the challenges of financial accounting information system.

Table12. Showing Challenges Of Accounting Information System In Percentages

Variable	Disagreed %	Neutral %	Agreed %	TOTAL %
Accounting Information System should be understandable by its users	4.29	8.57	87.14	100
Accounting standard and principle must be adopted by all management	5.71	18.57	75.71	100
Time factor in decision making largely depends on accounting information system	11.43	12.86	75.71	100

Source: Field survey 2022

From the table above, the function that was considered vital was the first variable that states that accounting information should be understandable by its users. It generated a percentage of 87.14%. Followed by the second and third variables which is "Accounting standard and principle must be adopted by all management with a 75.71%. Time factor in decision making largely depends on accounting information system also with 75.71%.

4.2. Discussion of Results

The overall analysis of the role of accounting information system in management planning and decision making is to find out how accounting information system is relevant to management decision making. The research focused on accounting information system, management planning and decision making. From the study, it was found that accounting system is very vital when it comes to management planning and decision making. It was also revealed that accounting information system is relevant to entities in allocating resources.

Further establishment was that the availability of accounting information system helped management to choose suitable accounting standards and strategies to meet their budgeted objectives. A discovery showed that, records keeping helped management to examine the performance of their employees as compare to previous data. This is information in relation to (Kuurila, 2016) who stated that accounting role is to gather data about a business's activities provide a means for the data's storage and processing and converts those data into useful information influence management decision making process.

(Laudon & Laudon, 2016) also argues that the objective of accounting is simply to produces information used by managers to run company's operation. Accounting system also gives information to the interesting parties about economic performance and company's condition.

Under the function, the second variable was considered necessary that states that financial statement system helps management to understand the performance and position of the enterprise.

Among the variable that was considered the most important under the six variance of the importance of accounting information was the decision as to whether the enterprise is making profit or not is made through accounting information system. It also considered the most important under the six variable of the importance of accounting information system was the decision as to whether the enterprise is making profit or not is made through accounting information system.

Under the challenges of accounting information system, it also considered the first variable as essential that states that inclusion or omission of Accounting information system would have impact on management planning and decision making.

Finally the variable that was considered vital was the second variable that states that accounting information system should be understandable by its users.

According to(Almajali, Alamro & Al-Soub, 2012) also examining whether the effect of how the measures are organized depends on which type of category that is financial or non-financial contains, the performance differences between business units. They predict that information organisation will have a greater effect on evaluation when performance differences appear in the financial category which is also in relation of challenges of accounting information system which management faces when making decision.

5. Conclusion

This chapter covers the summary of the research topic, conclusion based on the finding of the research and recommendation for further research.

The study discovered that accounting information system has significant effect on management decision making and planning.

The study also revealed that the financial institution needs informed financial decisions system that would enhance their overall performance.

The study shows further that, most workers in financial institutions in area of my study within 1-4 year length of service are tertiary certificate holders. this show that the institutions are highly populated with young brains with vibrant skills.

The study discovered that accounting information system makes it a necessity of remembering the previous transactions recorded in books of accounts of the various financial institutions.

In addition, it was discovered that there is a perception of employees on accounting information system, as a result of the fact that employees and their representative are interested in the information which enables them to assess the ability of the enterprise to provide remuneration, retirement benefit etc.

In that context it can be concluded that Accounting information system has play an important role in management planning and decision making in the various financial institution in the world . Accounting information system prepares the whole range of different information for different users. The management of different organization in the world can measure and examine the business quality of the entire institutions on the basic of accounting and financial information systems.

Board on the statement of problem, the objective of the study and the result of the findings, the following recommendations are made:

1. The management should train its employees about accounting information systems and its benefits
2. Accounting information system must be kept properly in order to give concrete information for management decision making.
3. Decision making should be flexible in order to meet current conditions
4. The financial institution should always keep records of past events for future reference.
5. The financial institution should adopt accounting standards and principles that would be understood by users of accounting information.

Suggestions for Further Research

Further research on the study abounds in this study area like;

Relationship between accounting information system Management and Organisation Effectiveness.

Accounting information system was for Business Performance Assessment in Small and Medium Enterprises (SMEs).

The study failed to critically examine the relationship between accounting information system and employee's commitment.

The study was unable to look at the framework for analysing accounting information system in the manufacturing industry, so further study can embark on this.

Further research can also involve a replication of the present study in other industry to know whether the finding of this study can pass the test of generalizability.

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