

# Technical and Legislative Factors Effects on the Efficiency and Effectiveness of Accounting Information Systems and Supply Chain Management

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**Abstract-** An accounting information system can be considered as an element of the company that provides users with processing financial events for decision making. A set of processes and techniques that organizes information and uses it in decision making. The purpose of the present study was to investigate the technical and legislative factors on the efficiency and effectiveness of accounting information systems and supply chain management. After reviewing the seven key factors of efficiency and effectiveness, the results showed that the factors of separation of activities from accounting, disclosure rate, and cost effectiveness, internal and external audit have the most impact on the efficiency and efficiency of accounting information systems.

**Keywords:** *Accounting Information, Supply Chain Management.*

## 1. Introduction

Today's organizations operate and compete in the information age and the information has become the key source of most organizations. In fact, the competitive basis of evident information has been changed to intangible information. The software movement and the Martian evolution of today's era in the field of management science, and also its effects on accounting and reporting to the owners of capital, the responsible people have been urged to think about ways to move quickly to growth. In this regard, the decisions made by the manager will have a significant direct effect on the move to growth and development. Therefore, the availability of relevant information (timely and relevant) can help management in this critical issue. In addition, given the fact that today the economic relations between business units are very complex and competitive, the survival of a business unit is affected by the possession of information and, therefore, the issue becomes more important. Earlier, it was very costly and difficult to obtain accurate and timely information in different companies so that management and accounting sciences were able to achieve mechanistic systems by achieving their own organizational goals. Indeed, since data collection is

impossible in a handy way for large corporations, these companies have turned to information systems.

Today we are confronted with reforms such as information explosion and information anarchy which is known as information systems as a way to escape from such a disaster. However, organizations need information systems that are tailored to their needs and organizational structure. Mentioning this, management should seek to use the appropriate information mechanization system and because of the cost that companies and business units incur to acquire intelligent information systems, the proper use of these systems is very important and necessary. In addition, before using these systems, it should be taken into account whether the information system can be used properly. In fact, it must be checked that the system has gone through the implementation stage as desired. As accounting seeks to measure and provide economic information to users for judicious and informed decisions, we know it as an information system: Therefore, for the success of organizations, given the importance and impact of extractable reports and the provision of the accounting information system and supply chain management, managers need to properly use the quality information of the system in decision making [1]. An accounting information system can be considered an element of the company that provides users with the processing of financial events for decision making. A set of processes and techniques that organizes information and uses it in decision making. Main tasks of the accounting information systems in organizations, collecting and storing data related to activities and events. In general, an organization can investigate what has happened. Processing and converting data into useful information for decision making so that management, based on this information, is able to plan, execute and provide sufficient internal controls to protect assets, such as records and information of the organization. The purpose of this study was to investigate the technical and legislative factors on the efficiency of accounting information systems and supply chain management.

## 2. Theoretical Foundations

According to the proposed statement by the Accounting Standards Board of the United Kingdom, the characteristics of accounting information systems are the attribute and quality of accounting information that increases its usefulness and effectiveness [3]. In the contingency perspective, the assumption is that the proportion between organizational strategies and the organizational variables' content variables leads to achieving optimal performance. In this context, the role of accounting intelligence systems that can create a dynamic communication between organizational strategies and common accounting and performance criteria from a comprehensive perspective will be more important because traditional accounting standards cannot provide a comprehensive assessment of performance due to the limited measurement of various variables [4]. The contingency perspective on these perceptions, which is the design and use of control systems, is based on organizational settings based on their proportional approach, along with the presumption of probable theory that there is an appropriate effect between the uncertainty of the task and the performance of accounting information systems, which includes a systematic measurement method Budget performance is considered as a control mechanism [5]. Information system commensurate with quality information including related information, understandable, comparable, timely, etc., results in making correct and reasonable decisions for managers [6].

### 2.1. Accounting Information System (AIS)

The accounting information system is a system that processes and collects financial data in accounting processes and generates data after processing, the information used by decision-makers (investors, creditors, managers, etc.). The accounting information system can ultimately help decision makers and managers in their strategic plans by providing intelligent financial reports. However, an accounting information system can only contain multiple paper and manual pages based on a simple accounting system, but today, the accounting information system is a complex system based on the capabilities of information technology and the traditional and advanced accounting methods and processes. Accounting information systems consist of the following main components:

- 1- Employees: Accounting Information System Users,
- 2- Methods and procedures: Collection, management and storage of financial data,
- 3- Data: Data related to the organization and its business processes,
- 4- Software: A software program for data processing,
- 5- IT Infrastructure: Systems and computer networks that enable the accounting information system to be provided to relevant individuals.

- 6- Internal controls and security measures: Security issues inside the system to protect data.

Accounting information systems can be understood as the rational intersection of two broad issues of accounting and management information systems. What is common in both accounting disciplines and information management information systems is focusing on information. Accounting tends to provide financial information itself, while the management information system more covers the systems that generate the information.

Accounting information system has two main objectives:

- 1- Providing information for legislative operations and needs;
- 2- Presentation of information for decision making.

To achieve these goals, there are two main activities that are information processing and transaction processing. Accounting transactions are processed by basic accounting records. These exchanges include selling products, purchasing materials, receiving from customers, and so on. Exchange transactions are executed in an accounting information system by subsystems. If the transaction processing system is properly designed, it will control the data well and accurately and the processing operation is efficient and effective. The output of the information processing process is to guide the planning and control of the operation, and this process provides information for decision making. The system designed for processing information or accounting information system should provide information that is relevant, reliable, timely and important [7].

## 3. Literature Review

[2] examined the performance of the accounting and information system of the financial and operational managers, and concluded that effectiveness and effectiveness of performance were effective on the satisfaction of senior executives from the operation of the accounting information system [6].

[7] examined the impact of the lack of concentration of information on the satisfaction of senior financial and operational executives from the operation of the accounting information system, supply chain management, and concluded that efficiency and performance increased when information was provided with a wide and timely range.

[8] studied the effect of the lack of certainty, decentralization, and characteristics of the accounting information system and supply chain management on the performance of this system. This study was conducted on 126 questionnaires in Taiwan and were respondents. The results of the study showed that information with a wide range of factors leads to the promotion of financial and operational managers.

[9] studied the facilitator role of accounting information system managers on their performance and their decision. They concluded that the use of accounting information can have a significant effect in facilitating the decision making of managers at all levels. They also found that the effect of using accounting information on the performance of sub-units is greater for sectors that have higher levels of interstitial relationships than elsewhere.

[10] assessed the overshoot of the accounting and information system of the company in 310 Malaysian small and medium enterprises. The results showed that a reasonable proportion of Malaysia's small and medium-sized companies had a consistent alignment with the accounting intelligence system. In addition, some of these companies have revealed better organizational performance with less convergence, and the findings have added to the importance of aligning the accounting information system and supply chain management and understanding the current requirements for accounting information and the use of information technology as the most important mechanism for information processing. And most importantly, the solution to future projects is related to the alignment of the accounting information system in small and medium enterprises, both in Malaysia and al-Tukhsim in worldwide.

[11] examined the fit between the design of an accounting and performance accounting system with a kind of strategic analysis in 88 Canadian businesses. The results of questioning and analyzing secondary data from business units indicate that for a strategic type with a narrower range, and for a strategic type, the support of the accounting information system is broader in scope with higher performance. The managers of the prospecting and support units need prospective information, the financial and external manager to make decisions that evolve in the information needs of the support. It also confirms the results of this assumption that the information needs of the strategic type units are different from the support units. Therefore accountants are involved in the analysis and design of the information system for decision making. Considering the benefits of an integrated accounting information system and supply chain management, the information provider's function is challenging for accountants, and they must accurately map the link between the business strategy and the information area provided by the accounting information system and identify the wrong links. Accountants are actively involved in the design of accounting intelligence systems.

[12] examined the opportunities and challenges for research in the accounting information system in the context of the current economy and the traditional accounting reporting model, and set forth the research questions related to business intelligence, insurance and accounting systems in the real-time economy. The results indicate that identifying managers and business practices will create new information structures in this current economy. In particular, the researchers of the accounting information system need to develop new reporting structures that are faster with the evolving

real-life economy, which needs to cover the gap between the business entity's final paradigm and the presupposition of accounting latent accounting at several points and the needs of investors. To meet the legislators and to place accounting researchers, especially in the area of the accounting information system and supply chain management, in a position to accept change and emphasize the role that removes them from the traditional place in accounting in the current economy.

#### **4. Research Method**

Considering the theoretical approach of the present research, the library research method has been selected.

#### **5. Effective legislative and technical factors**

##### **5.1. Effective internal control and monitoring systems:**

The modern age of information is entirely dependent on the accounting information system and supply chain management, but it is increasingly becoming more complicated with our growth and will depend on technology to meet our information needs. This complexity and importance of accounting information systems for business organizations is essential in order to ensure and ensure their proper control. At various times, the business organization carries out surveys on the system in order to ensure that the correct and proper control and functionality are adequate and appropriate. It actually controls the process of influencing the activities of an object, organism, or system. The accounting information system and supply chain management involve the processing of transactions and transactions as a means of maintaining financial records. Such systems are responsible for identifying, collecting, analyzing and processing, categorizing, registering, summarizing and recording transaction reports and other events. Internal control and monitoring includes all policies and procedures approved by the management of an entity that are of great help in achieving the guaranteed objective of management. Internal control is a process that is influenced by a board of directors, management, and other employees of an entity, and is designed to provide reasonable assurance on the achievement of three categories of objectives such as the reliability of financial reports, current and applicable rules and regulations, and effectiveness and efficiency of operations. Effective internal control systems are essential for successful performance as well as accounting and control. These systems help to divide and divide accounting information systems in order to produce reliable and reliable information.

Other qualitative accounting information can be maintained if there is an internal control system in an organization. Internal oversight is a procedure for organizing asset preservation, ensuring consistent accounting reports, promoting productivity and supporting corporate policies. Internal controls to

achieve some goals, such as systematic and effective management of accounting transactions and transactions, asset protection in order to be loyal to management policy, to avoid errors, to detect and detect potential errors, to prevent fraud and to disclose fraud, and to ensure that Accuracy, integrity, completeness, reliability and timely preparation of accounting data are essential. If internal control and oversight exist in any organization, the management of that organization can use the information more reliant to maintain and maintain their business activities, as the AIS provides. But if internal monitoring is not strong, management cannot achieve its goals. The internal control system includes two major categories, such as accounting control and executive control. As the business and business of the company evolve continuously, the requirements and requirements for the improvement and improvement of internal control systems are also a continuous and continuous process. Foreign and domestic auditors review the company's internal controls annually. In order to ensure proper protection of assets, physical assurance of network assets is carried out periodically and all risks associated with these assets are insured at both national and international levels. In general, internal control is a process supported by a board of directors, management, and other employees of an entity or organization, and to provide reasonable assurance about achieving company goals in effective and efficient fields, reliability of financial records, and compliance with the rules. And regulations are designed.

### **5.2. Effective security measures (appropriate measurement and measurement of security aspects)**

Security measures are an effective way to judge the efficiency of corporate accounting information systems and supply chain management. If there is a security measure in any trading company, the efficiency of the accounting information systems will be enhanced. This efficiency of accounting information systems is ensured because it ensures that security measures are appropriate to safeguard the assets of a company and also prevents unauthorized access of users. For example, inappropriate data changes can be a challenge, and rebuilding lost data and avoiding machine breakdown can be achieved by setting up a proper security measure. Security measures cover all transaction cycles and also extends organization, physical facilities and operations, management operations, and other aspects of a company.

### **5.3. Good and applicable documentation (valid and proper documentation)**

Documents are another important factor for judging the efficiency of the accounting information systems of the companies under study. It is essential to provide relevant documents for the provision of relevant and reliable information that helps manage business operations. In addition, it is used as a basis for

preparing financial statements, including income statements, cash flow statements, balance sheets, proprietary rights declarations, and other bills. Also, document collection techniques can be used to demonstrate the actual performance that emphasizes the weakness of oversight by evaluators. Typically, documents are rooted in part at a very different unit of a firm, but their transcripts are sent to the unit where the transcripts are summarized, analyzed and then entered into account offices [13].

### **5.4. Ability to separate activities from accounting (separation of function of accounting)**

Separation of activity and accounting is an important way to judge the efficiency of enterprise accounting information systems and supply chain management. Accounting Information Systems is a business registration system that protects its accounting system. Its purpose is to collect information so investors, creditors, and managers use that information to make decisions. The efficient information transfer accounting system provides information that is essential for helping the user with information, especially those that are not so consistent with accounting and financial reporting. Correct and accurate information is essential in order to obtain a precise and defective decision to encourage the shareholder. One of the main goals of accounting information systems is to support day-to-day business activities and many basic activities such as data collection, information management, information storage, information control and information generation to meet this goal, including the processing of accounting transfers that arise from external sources, review physical activity and prepare outputs from such usable documents and financial bills. The documents used in the processing of the transfer should be separated from the cash-flow procedure to ensure that no manipulation of accounts is prevented. These activities increase the quality of accounting information generated by accounting information systems and supply chain management [13].

### **5.5. Exposure Amount (Sufficient Disclosure)**

Communication rates are another important indicator of judgment about accounting information systems and supply chain management. Disclosure in the financial report provides the necessary information for the optimal performance of the capital market. As you know, there are different users about accounting information. For example, an investor group needs information about the feasibility of an investment. The creditor group needs information to shape judgment about the value of credit worthiness [14]. Therefore, the needs for information from different groups vary. Therefore, a firm fulfills the demand of users, but it is difficult to meet the demand of all users because there are cost constraints. Disclosure means the distribution of relevant, important and understandable information,

both financially and non-financial, from private to public realms.

### 5.6. Cost Effectiveness:

Cost effectiveness is another factor to judge the efficiency of enterprise accounting information systems and supply chain management. AIS can lead to cost effectiveness because an efficient AIS helps identify surplus costs and that those surplus costs can be reduced by management. Integrates the scale of control or security into a cost system. Certain types of controls, such as modifying controls, document collection controls, are somewhat expensive. In some cases, even controls that complement other controls may be profitable and cost-effective, since they increase reliability or reliability by detecting errors that may be lost with other controls. By contrast, certain complementary controls may not improve reliability or reduce risks to a significant degree, and therefore increases may not be desirable [15]. After controlling in a coherent framework, all controls should be reviewed and evaluated by means of cost benefit analysis. Preferably, this review and review should take place during system development activities; however, it may be done at any time.

### 5.7. Internal and external auditing (independent internal and external auditing):

An internal audit is an independent assessment of the organization's activities to review and evaluate its activities. The internal audit objective is to cooperate with the members of the organization in the effective operation of their responsibilities. For this purpose, an internal audit provides them with analyzes, evaluations, suggestions, advisories, and survey information. An internal audit of any systematic review or evaluation of trends or practices by an employee in relation to an independent entity for the purpose of determining compliance with the criteria and criteria set. External audits are conducted by Certified Accountants (CAs) independent of the institution and the Independent Entity and audited by their claims or applications.

## 6. Conclusion

In an effort to improve continuously, organizations always try to improve on different aspects of their performance, and this is more important than usual with respect to the requirements of the modern world. Meanwhile, in order to have a proper picture of the organization's performance, in particular its internal and procedural aspects, it is suggested that indicators and indicators are suggested, one of the most important and most widely used criteria related to productivity. On the other hand, there will be no measurable improvement, and each organization must first determine its current performance in order to undertake any improvement in productivity, and if it is not clear, given that it has no basis or index, in spite of many

efforts to improve, it cannot be ascertained whether recovery has taken place. Accounting intelligence systems make it easier for business units to perform accounting activities more efficiently and in a more appropriate way, since the use of accounting information systems dramatically reduces time and cost. Accounting information systems help record transactions, process these various transactions, and prepare financial statements such as statement of profit and loss, balance sheet, equity statement and cash flow statement, which provides a comprehensive picture of the financial position of the single economic entity and the most important output of the accounting system.

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