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Effect of Accounting Information System on Financial Performance of Firms: A Review of Literature

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Abstract: *Accounting information system is an absolute tool in the hands of managers striving to remain in a competitive advantage amidst the rapid technological advancement, increased awareness and challenging demands from customers and business owners. This review examines the effect of accounting information system on financial performance of firms. The main objective is to review conceptual and theoretical foundations as well as empirical literature relating to accounting information system and financial performance of firms. Findings from the review reveals that past studies on effect of accounting information on financial performance limitedly aligned their works to the cost implication of accounting information system as it relates to financial performance of firms. This review also found that most of the studies employed the use of survey research design to examine this relationship and majority of the studies were carried out in advanced economies where computerized accounting system techniques have been accepted to a large extent. This review therefore recommends further research into this area to fill the gap in literature.*

Keywords: *Information system, accounting information system, financial performance*

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I. Introduction

The ever growing need for business development, growth and expansion in today's contemporary business environment has necessitated managers to consider more advanced management strategies targeted at improving decision making in organizations. Most of these strategies are tailored towards sustaining businesses in wake of rapid technological innovations, increased awareness and challenging demands from customers. One of such strategies is the adoption of information systems within business organizations (Davoren, 2019).

Information systems according to Borhan and Bader (2018) involve the organization of logical and physical things, data, processes, policies, protocols, skill sets, hardware, software, responsibilities, and other components that define the capabilities of an organization. An information system is that which provides the vital information for planning, organizing, directing, leading and control of activities within an organization for improved decision making. Typical information systems according to Yaser, Alina, Nor and Yaser (2014) include management information system (MIS), transaction processing system (TPS), office automation system (OAS), decision support system (DSS), executive information system (EIS), Expert System (ES) and accounting information system (AIS). Other information systems as posited by Rainer (2007) are delivery systems (DS), enterprise resource planning system (ERPS), procurement system (PR), and knowledge work system (KWS).

Accounting information system (AIS) just like any other information system is perceived to play a great role in the management of day to day operations in corporate organizations. Accounting information systems are regarded as one of the supporting information systems used in carrying out managerial functions such as planning, organizing, controlling and decision-making, for the better exploitation of the available resources (Samer, 2016). According to Borhan and Bader (2018) accounting information system (AIS) is a formal system for identifying, measuring, accumulating, analysing, preparing, interpreting and communicating accounting information about a particular entity to a particular group. Accounting information system represents a range of sources (persons and equipment), which are designed to collect financial data to reach the information needed for different decision-makers at a particular period of time (Bodnar and Hopwood, 2010).

Accounting information system is very vital to all organizations. It is designed to help in the management and collection of information, raw data or ordinary data and transform them into financial data for the purpose of reporting them to decision makers (Dandago and Rufai, 2014; Harash, Al-Timimi and Alsaadi, 2014). AIS is a system that assists in the collection and recording of data and information regarding events that have an economic impact on organizations. It also helps in the maintenance, processing and communication of such information to both internal and external stakeholders (Olusola, Olugbenga, Zacchaeus and Oluwagbemiga, 2013). AIS greatly helps to provide internal and external reporting data, financial statements and trend analysis capabilities to affect an organizational performance.

From the foregone, it is expected that accounting information system (AIS) should be correlated with the financial state and outcomes of firms. Financial performance is a composite of an organization's financial health, its ability and willingness to meet its long term financial obligations and its commitments to provide services in the foreseeable future. In a broader sense, financial performance refers to the degree to which financial objectives are accomplished. Financial managers need the financial and accounting data provided by AIS to evaluate the firm's past performance and to map future plans. The outcomes of AIS which primarily includes financial reports, are required at different levels of management and by other stakeholders. In fact, the outcomes of an AIS feeds into various decision streams at operational, tactical, and strategic levels of the organization. Users require financial and related information with various degrees of detail and with various levels of analysis.

Consequently, accounting information system (AIS) as a computer- based application, accompanies itself with innovate and modern ways of accounting practices which most business owners especially in developing countries are not prepared for or find it very difficult to adopt. Yet, organizations are designing even more sophisticated accounting information systems to meet up with strategic goals and enhanced performance (Eb, Pretorious and Zuva, 2013). Typical problems faced by smaller firms such as the small and medium scale enterprises (SMEs) particularly in developing countries in the adoption of computerized accounting system are lack of capital and technological obsolescence, limited financial resources, management information, limited scale economies and management's IT-oriented behavior, and lack of funds to improve skills (Malaranggeng, 2009; Levy, Powel, Yetton and Francalanci 2011; and Morabito, 2008; Marriot and Marriot, 2000).

This article seeks to provide a substantial review on the effect of accounting information system (AIS) on financial performance of firms. Specifically, it attempts to document empirical researches on accounting information system and to identify research gap related to effect of accounting information system and financial performance of firms as a basis of an empirical future research.

II. Conceptual Clarifications

2.1 Accounting Information System

Accounting information system according to Manchilot (2019) may be a computer-based electronic system used for collecting, storing, processing and communicating financial and accounting data through financial statements with the aim of supporting and guiding organizational decision making process. Computers are the hub of accounting information as they provide a platform for the workability of all information systems. For an accounting information system to be operational, its appropriate software application must be on the computer system intending to be used.

Borhan and Bader (2018) defined accounting information system is a system which contains a group of harmonized business, components, and resources which processes, manage, and control the data for producing and carrying the relevant information for decision makers in the organization. Accounting information requires series of processes to carry out its function just like any other system. It is a connected and homogeneous set of the resources and different components (human, equipment, finance, etc) that interact simultaneously inside a specific framework to work towards the achievement of organizational goals.

According to Borhan and Nafees (2018) accounting information system is the process of collecting, analyzing and converting data into action. This definition justifies accounting information system as a computer based system that collects data, process and analyses data and produces results or output.

Kashif (2018) states that accounting information system is a combination of people, equipment, policies, and procedures that work together to collect data and transform it into useful information. AIS is a system that provides people with either data or information relating to an organization's operation to support the activities of employees, owners, customers, and other stakeholders in the organization's environment by effectively supplying information to authorized people in a timely manner.

2.2 Relevance of Accounting Information System

The main function of AIS is to assign quantitative value of the past, present and future business events (Rehab, 2018). Accounting information, in the form of periodic reports or special analyses, is often a source of information for making decisions. These decisions may include pricing, production levels and product mix, outsourcing, inventory policy, customer servicing, labour negotiations, and capital investments (Horngren, Harrison, Bamber, Willis and Jones, 2005; Sprinkle, 2003).

Accounting information systems play an important role in the implementation of the managerial functions of the organization such as planning and control (Samer, 2016). In the planning function, AIS provide data relating to study and analyze the goals set for the organization. It also provide information regarding the relationship between cost, volume and profit required to determine the amount of interdependence and interaction between them. AIS under the planning function also helps in preparing lists of future needs and financial flows and planning of budgets for the development of quantitative criteria and converting them into

financial standards to reflect the different aspects an organization's activities and presentation of the detailed plans and policies of the work and coordination across different departments (Frezatti, Andson, Guerreiro and Gouvea (2011). On the other hand, in the control function, it requires a clear and specific plan that shows the desired objectives and defines the foundations on which results are evaluated and analyzed in order to correct distractions. This function is regarded as a practical test of decision making and implementation, follow up the actual implementation in accordance with the plans, policies and standards established, the discovery of deviations and correct them, provide reasons to protect the property of the shareholders and the preservation of their interests, resource development and follow up the activity of the organization, and to achieve the desired goals, thus ensuring the effectiveness of the organization (Onaolapo and Odetayo, 2012).

Computerized accounting tools as integral part of AIS are directly related to the economic and financial results of firms (Urquía, Pérez, and Muñoz, 2011). Advantages of an optimal use of AIS in an organization might include: Better adaptation to a changing environment, better management of internal business transactions and a high degree of competitiveness. There is also a boost to the dynamic nature of firms with a greater flow of information between different staff levels and the possibility of new business on the network and improved external relationships for the organization, mainly with foreign customers accessed through the firm's web (Pérez, Urquía and Muñoz, 2010).

2.3 Subsystems of Accounting Information System

According to Hall (2008) an accounting information system may be divided into four major sub-systems including the transaction processing system, general ledger/financial reporting system, fixed asset system and management reporting system. The transaction processing system supports daily business operations with numerous documents and messages for users throughout the organization. Transaction processing systems (TPS) are the basic business systems that serve the operational level of the organization. A transaction processing system is a computerized system that performs and records the daily routine transactions necessary to the conduct of the business (Laudon and Laudon, 2006).

The general ledger/financial reporting system produces the traditional financial statements, such as income statements, balance sheets, statements of cash flows, tax returns, and other reports required by law. This system is designed to collect data and information on AIS, customers, suppliers and wages, closure of accounting books, preparation of trial balance and a list of results and the budget of the organization and the reports of income and expenses and submit these statements to the owners and investors (Samer, 2016). The reliance of this system on the computer help the organization in cutting costs and using the fewest number of workers as well as in the completion of the accounting task in an accurate and orderly manner, and conducting financial control process.

Fixed asset system processes transactions pertaining to the acquisition, maintenance, and disposal of fixed assets, while the management reporting system, which provides internal management with special purpose financial reports and information needed for decision making, such as budgets, variance reports, and responsibility reports.

Samer (2016) also identified some subsystems of accounting information system to include inventory control system, customer accounts system, suppliers account system and payroll system. The inventory control system is designed to process the bills of stored materials, identify materials that need to be re-supply, and generate reports showing the inventory situation. The reliance of this system on the computer help the organization in customer service, recording changes in the level of inventory, reducing costs, and preparing documents.

Customers' accounts system is designed to determine amounts owed by customers in accordance with the information of payment and purchase processes. Additionally, the system is intended to produce a monthly customer accounts and credit reports. A computer-based customer accounts system provide the organization with accurate bills and monthly reports on credit provided to customers, which in turn enhances the processes of payment, collection and provision of liquidity.

Suppliers accounting system provides daily information on procurement and payment to suppliers, preparing checks, pay bills and treasury reports. The reliance of this system on the computer results in establishing good working relationships and achieving a good credit price and taking advantage of discounts through the payment to suppliers quickly and accurately, and financial control on the amounts paid by the organization.

Payroll system is designed to display daily data on workers and attendance cards, generate payment checks and workers' payrolls, prepare special reports on work analysis The reliance of the system on the computer help the organization in the preparation and submission of special reports related to tax, returns, deductions and analysis of labour productivity and labour costs.

The list of subsystems of accounting information systems are not limited as these systems are designed for management of firms to meet their day to day accounting need.

2.4 Components of Accounting Information System

In a typical organization setting, accounting information system (AIS) is made up of several components. According to Rommeny and Stenbart (2006) accounting information system is made up of six components as presented in Figure 1.

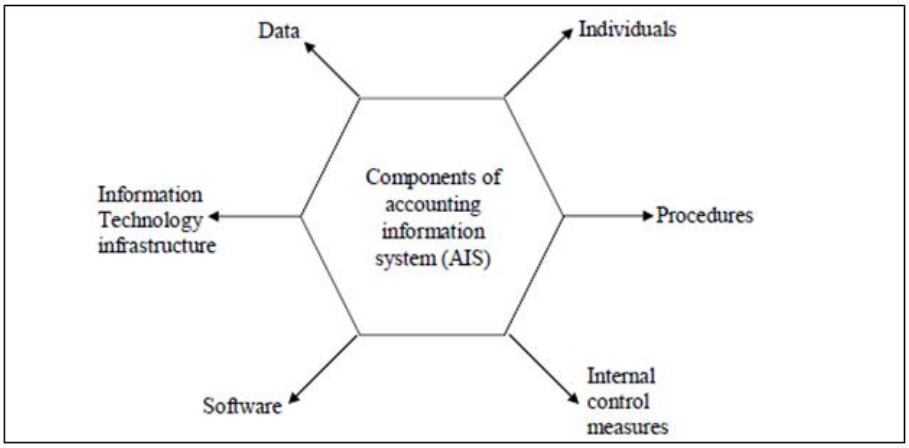

Figure 1: components of accounting information system

Source: Rommeny and Stenbart, (2006)

Individuals play a vital role in ensuring that accounting information system achieves its purpose. They include people who control the functions of the system and undertake diverse functions. AIS just like any other information system require raw data for processing. Data in this regard, refers to all raw facts and figures related to the operations of an organization. Preference is also laid on all methods that collect, operate, store data related to operations carried out by the organization whether manual or automated. Software in this context refers to all applications used to run organizations' operations. Personalization of accounting information systems by organizations is evident in AIS software development and acquisition. They play a vital role in AIS quality. Information technology infrastructure includes all means and devices that serve the AIS while internal control and the requirements of information security both ensures qualitative output from the day to day usage of accounting information systems (Rommeny and Stenbart, 2006).

2.5 Financial Performance

Financial performance is a composite of an organization's financial health, its ability and willingness to meet its long-term financial obligations and its commitment to provide services in a foreseeable future (Weber, 2008). Financial performance refers to the act of performing financial activity. In broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished. It is the process of measuring the results of a firm's policies and operations in monetary terms.

Financial performance is broadly viewed as the ability of the firm to meet its financial objectives. Two prominent indicators of financial performance are investor's return and accounting returns. The investors return is measured from the perspective of the shareholders, whereas accounting return focus on how the firm's earning respond to different managerial policies (Ofoegbu, 2003).

According to Farah, Farrukh, and Faizan (2016) financial performance is an extent to which a company financial health over a period of time is measured. In other words, it is a financial action used in order to generate higher sales, profitability and worth of a business entity for its shareholders through managing its current and non-current assets, financing, equity, revenues and expenses. Its main purpose is to provide financial information to shareholders and stakeholders so as to enable them make well informed investment decisions. It can be used to evaluate similar companies from the same industry or to compare industries in aggregation.

2.6 Measures of Financial Performance

According to Encyclopedia of Business (2011) performance measures can be grouped into two those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as quality, flexibility, resource utilization, and innovation). This suggests that performance measurement frameworks can be built around the concepts of results and determinants. Zuriekat, Salameh and Alrawashdeh (2011) on the other hand opined that performance measurement systems are considered information systems that are used to evaluate both individual and organizational performance.

Measuring the performance of the company is done using different measures. The literature review of Fiori, Di'Donato and Izzo (2009) indicated that financial performance can be measured based on the firm's: solvency, repayment capacity, profitability, efficiency and liquidity.

According to Lin and Liu (2005) financial ratios are usually one of the indicators used to evaluate a firm's performance. Generally, the financial information of a company's business operations will be reported in the yearly financial statements, and a financial ratio simply constitutes one item divided by another in the financial statement. Financial ratios can be viewed as a preliminary reference for the analysis of the business performance.

Traditionally, the measurement of a firm's performance usually employs the financial ratio method, because it provides a simple description about the firm's financial performance in comparison with previous periods and helps to improve its performance of management. However, Glautier and Underdoon (2009) maintained that there are two aspects of a company's financial performance of interest to investors. First, its financial performance may be assessed by reference to its ability to generate profit. This agrees with Pandey (2004) who asserts that it is assumed that profit maximization causes the efficient allocation of resources under the competitive market conditions, and profit is considered as the most appropriate measure of a firm's performance. Thus, ratios of financial efficiency in this respect focus on the relationship between profit and sales and profit and assets employed. Second, the company's financial performance may be assessed in terms of the value of its shares to investors. In this way, ratios of financial performance focus on earnings per share, dividend yield and price/ earnings ratios. The ratios used to measure the overall profit performance of a firm are termed financial ratios.

III. Theoretical Foundations

3.1 Contingency Theory

The contingency theory was first proposed by Fiedler in 1964 as managerial leadership theory. According to Fiedler (1964) the contingency theory suggest that there is no one best way of leading and that a leadership style that is effective in one situation may not be successful in others.

Gordon and Miller (1976) however laid out the basic framework for considering accounting information systems from a contingency perspective where the accounting information systems also need to be adaptive to the specific decisions being considered within a framework.

Contingency theory suggests that an accounting information system need to be adapting to desired specific decisions while considering the environment and organizational structure confronting an organization (Dandago and Rufai, 2014).

Applying this to the subject, contingency theory suggests that in order to improve performance, managers of firms must devote particular attention to their use of accounting information system, taking care to adopt the systems best tailored to their special circumstances.

There are some criticisms of the Fiedler's contingency theory. However, one of the biggest criticisms of the contingency theory that best relates to the study under review is lack of flexibility (Mitchell, Biglan, Oncken, and Fiedler, 2017). Fiedler (1964) believed that because natural leadership style is fixed, the most effective way to handle situations is to change the leader. The theory does not allow for flexibility in leaders (Mind Tools, 2018). Relating this to the study indicates that managers will incur more cost to change accounting information system that does not tender to their required decision needs rather than carryout modifications.

3.2 Resource-based view Theory

The resource-based view theory was propounded by Barney in 1991. According to Barney (1991) the resource-based view avers that the source of sustainable advantage derives from doing things in a superior manner; by developing superior capabilities and resources. The resource-based view proffers a means of evaluating potential factors that can be deployed to confer a competitive edge for business organizations. A key insight arising from the resource-based view is that not all resources are of equal importance, nor do they possess the potential to become a source of sustainable competitive advantage.

The resource-based theory is divided into three levels; capability, competence and skills. (Cragg, Caldeira and Ward, 2011). Capability refers to how firms manage their resources; competence, refers to how well those resources are managed, and skills are associated with ranges of skills such as technical, managerial and general management skills. Accounting information systems also form part of resources available to firms. Inclining the resource-based view theory with accounting information systems and performance will imply that firms properly and adequately manage accounting information systems to utilize its capability competence and skill sets for improved organizational performance.

The resource based view theory has faced several criticisms. One of such criticism is that the theory lacks substantial managerial implications or operational validity (Priem & Butler, 2001). It seems to tell managers to develop and obtain valuable, rare, inimitable, and non-substitutable resources and develop an appropriate organization, but it is silent on how this should be done (Connor, 2002; Miller, 2003). (Lado, Boyd,

Wright and Kroll, 2006) also argues the resource-based view theory suffers a tension between descriptive and prescriptive theorizing. However, Barney and Clark (2007) posits that the resource-based view theory is a theory aspiring to explain the sustained competitive advantage of some firms over others and, as such, was never intended to provide managerial prescriptions. In concurrence with this assertion, any explanations the resource-based view theory might provide may not be indicative, yet still of value to managers, so there may be no reason to oblige the resource-based view theory to generate theoretically compelling prescriptions.

3.3 Agency Theory

The agency theory was championed by Jensen and Meckling in 1976. The agency theory describes the owners' (principals') delegated authority to manager (the agent) to run the firm on his or her behalf with the owners' welfare depending on the manager accordingly (Jensen and Meckling, 1976). The agency theory seeks to address the potential conflict of interests between owners and managers, because the interests of managers may opportunistically utilize firm resources to satisfy their personal interests (Brammer and Millington, 2008). Basically, firms aim to maximize the wealth of shareholders, and it might be different with personal interest of managers. The agent (managers) might have more relevant information compared with shareholders, the information asymmetry occurs, and this would raise the possibilities that agent can behave in ways to pursue their own interests.

This review examines the effect of accounting information system on financial performance of firms. The primary purpose of a firm is to maximize the wealth of shareholders (principals). This solely rests on the shoulders of managers (agents). Therefore, the adoption of accounting information system by managers for enhance performance is fulfilling the agency obligation managers possess for their respective owners.

IV. Effect of Accounting Information System on Financial Performance of Firms

Extant literature about accounting information system and how it affects financial performance has been studied by several researchers using different analytical methods.

Al-Dalaien and Khan (2018) investigates the impact of AIS on the financial performance of selected real estate companies in Jordan. A well designed questionnaire was used for collecting data from employees working in the companies namely Noor Capital, Jordan International Investment Company (JIIC), Ihdathiat Coordinates, Real Estate Development (RED), and Afaq Holding were the selected real estate companies. The researchers distributed 250 questionnaires wherein 75 questionnaires were rejected and 175 were accepted for analysis. The study employed the linear regression statistics to analyse the collected data. Findings reveals that Jordan International Investment Company has benefitted the most with AIS but no impact of AIS was revealed in Ihdathiat Coordinates.

Ironkwe and Nwaiwu (2018) examines the effect of accounting information system on financial and non-financial measures of companies in Nigeria. Qualitative and quantitative data of 16 companies were obtained from researchers. Data were obtained from questionnaires and the Nigerian stock exchange (NSE) from 2011 to 2014. Data collected are analysed using multiple linear regression techniques with the aid of statistical package for social science (SPSS). The empirical investigation found that accounting information system exert significant positive effect on financial and non-financial measures indicators of companies in Nigeria.

Borhan and Nafees (2018) examines the impact of accounting information system on the financial performance of selected real estate companies in Jordan. The study employed a survey research design and collects its data through questionnaires from 175 employees pooled from 5 companies in Jordan. The study employs the linear regression statistics to analyse the collected data. The findings revealed that there is a significant impact of accounting information system on the financial performance of the companies under study.

Kashif (2018) evaluates the impact of accounting information system on the financial performance of selected FMCG companies in India. The study adopted a survey research design with a sample size of 400 participants and data were obtained from 177 returned and valid questionnaires. The study analysed the collected data using the simple linear regression analysis and hypotheses were tested at confidence level of 95%. Findings from the study revealed that that there is a significant impact of accounting information system on the financial performance of selected FMCG companies in India.

Rehab (2018) investigates the impact of accounting information systems on organizational performance. The study collected data through 137 questionnaires from small and medium enterprises (SMEs) in Saudi Arabia and employed smart partial least squares to analyse the data and to test the study hypotheses. Findings revealed that using an AIS has a significant impact on organizational performance generally and on all its dimensions including cost reduction, improving quality and effective decision making.

Borhan and Bader (2018) examines the impact of accounting information system on the profitability of selected commercial banks in Jordan. The study adopted a survey design and data were collected through self-administered questionnaires from 206 employees in Jordanian banks. The study analysed the obtained data using

the linear regression analysis. Findings highlights that there is a significant impact of accounting information system on the profitability of banks under study.

Akanbi and Adewoye (2018) examines the effects of accounting information system adoption on the financial performance of commercial bank in Nigeria. The study employed a descriptive survey research design where data were obtained from questionnaires administered to 80 respondents randomly of 16 commercial banks. The study also employed secondary data from the financial statements of the sampled banks. Data were collected on return on capital equity (ROCE), return on total asset (ROTA), net operating profit (NOP) and gross profit margin (GPM) within the recent 10 years post AIS adoption years (2007-2017). Linear Regression was employed to test the significant effect of AIS adoption on bank performance. Findings revealed that commercial banks in Nigeria adopted and use AIS in providing their services to their customers and the level of usage is relatively high. The study concluded that AIS adoption has a positive significant with all the performance indicators (ROCE, ROTA, GPM and NOP).

Raed (2017) investigates the impact of accounting information systems (AIS) on banks success in Jordan. The study employs a survey research design. The study obtained data from 112 questionnaires administered to employees of Jordanian banks. Correlations and multiple regressions were applied to answer for the study hypotheses. Findings revealed that accounting information systems, has a significantly effect on banks success.

Abdullah (2017) examines the extent to which electronic accounting information systems in the public and private universities in Jordan can provide quantitative indicators of financial performance. The study employed a survey research design and obtains its data from questionnaire administration and personal interview of 20 chief finance officers (CFOs) of public and private universities accredited to the Ministry of Higher Education and Scientific Research of Jordan. Data were analysed using mean and standard deviation statistics while the hypotheses are tested using the t-test statistics. Findings from the study revealed that accounting information systems in electronic public and private universities in Jordan provide quantitative indicators of financial performance.

Teru, Idoku and Ndeyati (2017) reviews the impact of accounting information system for effective internal control on firm performance. The study employed a qualitative method of data collection with various related previous literature being reviewed. The study also used secondary data to be able to come up with trustworthy conclusions which are based on the empirical data. Findings from the study revealed that when controls are operated efficiently and effectively, there will be improved performance, better accounting information reliability for better decision making for both the internal and external users.

Alnajjar (2017) investigates the impact of accounting information systems on performance management and organizational performance. The study employed a survey research design and analyses the data collected from 74 SMEs. Data obtained for the study were analysed using regression analysis. Findings from the study revealed that accounting managers' knowledge and top management support significantly impact on the accounting information systems in an organization and, accounting information systems also significantly impact the performance management and organizational performance of that organization.

Isa (2017) examines the impact of computerized accounting information system on management performance in public sector in Nigeria. The study adopted an exploratory research method. Data were obtained from secondary sources. The impacts of computerized accounting information system (CAIS) on the executives' officers of government's ministries, departments or agencies were considered in terms of accounting framework and operating procedure in the public sectors in Nigeria. The study pinpoints some of the problems associated with the implementation of CAIS such as high costs of implementations of hardware and software, costs of maintaining the system and it require special skills. Others are reduction of employee, inadequate security and having quality of backup and print accessories. The study further revealed the prospects of implementing CAIS such as to lower operating costs, improve efficiency, increased functionality, better external reporting, improved accuracy and faster processing of data in the system. The study concluded that the impacts of computerized accounting information system on the executives' officers of government's ministries, departments or agencies considered only accounting framework and operating procedure in the public sectors in Nigeria.

Khan (2017) examines the impact of accounting information system on the organizational performance in Procter and Gamble. The study employed a descriptive survey design. Data were obtained through questionnaires designed on five point Likert scale. A sample of 174 employees working in P&G Limited are considered for the study. Simple linear regression was used as the statistical tool for analysis. The maximum impact of AIS was revealed on marketing performance, followed by job performance. However, the least impact was found in financial performance. The study concluded that that there is a significant impact of accounting information system on the organizational performance in P&G Limited.

Nizar, Ahmad and Mohamad (2016) evaluates accounting information systems (AIS) in meeting the requirements of financial and managerial Performance. The study employed a survey research design and obtains its data from questionnaire administered to 38 sampled employees in various private hospitals in United

Arab Emirates. The study analyses data collected using mean and standard deviation statistics. The study's hypotheses were tested using the one samples t-test statistics. Findings from the study revealed that accounting information systems in the United Arab Emirates private hospitals provide information to meet the requirements of the financial performance function.

Akesinro and Adetoso (2016) examines the effects of computerized accounting systems on bank performance in Nigerian banking sector. The study adopts a survey design and adopts a convenience sampling method to arrive at a sample size of 50 from 3 deposit money banks (DMBs) in Nigeria. Correlation analysis was used to analyse data generated for the study. Results show that computerized accounting system has a positive effect on bank's profitability and as well customer patronage.

Taiwo (2016) investigates empirically the impact of information technology on accounting systems and organizational performance. This study utilized both primary and secondary data. The study sources its primary data from questionnaires administered to 20 staff in financial services and other related accounting departments in Covenant University Nigeria. Pearson's correlation was used for analysing the data. Findings showed that there is a significant positive relationship between ICT system and accounting system and a significant positive relationship between ICT and organizational performance.

Esmeray (2016) examines the impact of accounting information systems on firm performance. The study adopted a descriptive survey research design. Data relating to the study were obtained from interviews with 60 firms. Data were analysed using generalized least squares. Findings suggests that there is a positive and statistically significant relation between the use of AIS and educational status of managers.

Samer (2016) examines the effectiveness of Accounting Information Systems (AIS) and its impact on the operational performance of the industrial public-listed companies in Jordan. The sample of the study consisted of 42 Jordanian companies from different sectors listed in Amman Stock Exchange (ASE) at the end of 2012. The findings indicated that AISs employed in industrial companies were effective, particularly, in meeting planning requirements. The results also revealed that most of companies' decisions were taken based on executives' personal opinions supported by the board of directors who affected by those opinions.

Ali, Bakar and Omar (2016) investigates the effect of accounting information system (AIS) success factors on organizational performance. Four types of AIS success factors namely service quality, information quality, data quality and system quality have been used in this study as the determinants performance. Data were collected with a structured questionnaire survey from 273 respondents in Jordanian banking sector. The collected data were analysed with PLSSEM technique. The findings revealed that service quality, information quality and system quality are the significant AIS success factors for increasing organizational performance. The study concluded that organizations involved in banking sectors can increase their performance by adopting and implementing AIS success factors.

Mehdi, Mahmoud, Mostafa and Ebadollah (2015) examines the effect of implementation of accounting information system on efficiency, profitability and productivity of SMEs in Iran. The study employed a descriptive-survey research design. Data were obtained from 118 small and medium scale enterprises (SMEs) listed on Tehran Stock Exchange from 2007-2013. Data were obtained via questionnaires. The study analysed the collected data using descriptive statistics, Pearson correlation coefficient, and ordinary least squares (OLS) regression. Findings from the study revealed that effective implementation of AIS in SMEs listed on the Tehran Stock Exchange is positively associated with performance, productivity, and profitability (measured by P/E ratio and Tobin's Q).

Dekeng and Prabowo (2015) explores the empirical research investigating the relationship between accounting information systems (AIS) alignment and small and medium enterprises (SMEs) performance. The study employs secondary data obtained from journals and publications. Results from the review revealed that AIS alignment is influenced by organizational characteristics, individual characteristics and situational factors which affect SMEs performance.

Hla and Teru (2015) examines the efficiency of accounting information system on performance measures. The study employed an exploratory approach solely relying on secondary data. Findings revealed that the biggest impact Information technology has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions in facilitating management decision making, internal controls, and quality of the financial report.

Patel (2015) investigates the impact of AIS on the profitability of an organization. The study employed an exploratory research method making use of solely secondary data. Findings from the review of literature revealed that there is a positive significant relationship between the accounting information systems used by the enterprises and its profitability. The study concluded that the effectiveness of accounting information systems helps in better decision making by managers, more effective internal control systems, improvement of the quality of financial reports, enhancement of performance measures, facilitating financial transaction processes and helps in expansion of profitability of the organization.

Saeidi (2014) examines the impact of accounting information systems on financial performance. The study employed a survey research design and obtains data from 40 top managers in Tata consultancy services (TCS) companies in India through questionnaire. The study analysed the collected data using the statistical package for social sciences (SPSS) and uses the one samples t-test statistics to test the hypotheses. Findings revealed that accounting information system has a significant relationship with knowledge and understanding of managers and accountants, decision making, financial performance and organizational resources. The study concluded that there is a positive relationship in Knowledge and understanding of managers and accountants, decision making, financial performance and organizational resources.

V. Conclusion and Areas for Future Research

Accounting information system had been widely used by many organizations to automate and integrate their business operations, efficiency and competitive advantages. This review focuses on the effect of accounting information system (AIS) on financial performance of firms. It is envisaged that the information technology (IT) component of accounting information system is one of the biggest impact of AIS to firms as it enables firms to track, record and produce financial and accounting reports with much ease. Paper ledgers, manual spreadsheets and hand-written financial statements have all been translated into computer systems that can quickly present individual transactions into financial reports. From the empirical works reviewed, it is evident that majority of the studies employed a survey research design to examine the relationship between accounting information system and firm performance. In addition to using survey research design, most of the studies made use of a relatively small sample size for this investigation. Most of the reviewed works were in Europe and Asia which have attained meaningful economic developed as compared to parts in Africa. Also, majority of the researchers measured accounting information system with indicators developed by themselves and previous authors. Finally, a good number of studies examine the impact of accounting information system on the general performance of firms and not the financial performance. To this end, more research can be carried out on this subject to address these issues.

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