
ACCOUNTING INFORMATION SYSTEMS AND BUSINESS PERFORMANCE: A CRITICAL NARRATIVE REVIEW OF INFORMATION QUALITY, EFFECTIVE USE AND ORGANISATIONAL CONTEXT

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2. ABSTRACT

Accounting Information Systems (AIS) integrate people, procedures, data, software and controls to capture, process and report financial information. This critical narrative review examines how AIS can contribute to business performance and why benefits differ across organisations. The synthesis draws on information-systems success theory and empirical research on small and medium-sized enterprises, accounting information quality and cloud-based AIS. The literature indicates that AIS can support performance through several pathways: improving information quality, accelerating reporting and decision processes, strengthening transaction controls, integrating financial and operational data, and supporting more timely management action. However, technology adoption alone does not guarantee better performance. System quality, information quality, user capability, management support, organisational readiness, training, internal controls and fit with business processes shape whether systems are used effectively. Cloud platforms may reduce some infrastructure barriers for smaller firms, but they also create requirements for connectivity, security, data governance and vendor management. The review proposes that AIS performance should be evaluated as a chain from system and information quality to effective use, decision quality, control and business outcomes. Future research in developing economies should use verified primary data, objective performance measures where possible and transparent research methods rather than relying only on respondent perceptions.

3. KEYWORDS: Accounting information systems; Business performance; Information quality; SMEs; Digital accounting; Information systems success.

4. INTRODUCTION

Accounting Information Systems are socio-technical systems that combine people, procedures, data, software, infrastructure and controls to collect and transform accounting data into useful information. Their role extends beyond bookkeeping. Modern AIS can connect sales, purchases, inventory, banking, payroll, receivables, payables and financial reporting, thereby shaping the speed and quality of information available to managers.

The central performance question is not simply whether a firm owns accounting software. It is whether the system produces accurate, relevant and timely information, whether employees use it correctly, whether controls protect data and assets, and whether managers integrate the resulting information into decisions. The DeLone and McLean (2003) information-systems success model is useful here because it distinguishes system quality, information quality, service quality, use, user satisfaction and net benefits rather than treating technology adoption as an outcome in itself.

Empirical research in SMEs provides evidence that AIS effectiveness can be associated with organisational performance, but the relationship is conditional. Al-Hattami, Hashed and Kabra (2021), studying SMEs in Yemen, link AIS success to performance measures. More recent research on Vietnamese SMEs shows that cloud-based AIS use can contribute to AIS effectiveness and organisational performance, while firm size shapes some relationships (Vo Van, Afifa, & Saleh, 2024). These findings point to the importance of organisational context and complementary capabilities.

Small and medium-sized enterprises face a distinctive balance of need and constraint. They benefit from timely records, cash-flow visibility, inventory control and reliable reporting, yet they may have limited budgets, accounting expertise, IT support or digital infrastructure. Cloud and mobile accounting can reduce some technology barriers, but subscription costs, internet reliability, cybersecurity and vendor dependence remain important considerations.

This article therefore reviews the mechanisms through which AIS can support business performance, the organisational conditions that influence those mechanisms, the role of emerging cloud and AI capabilities, and the practical implications for firms operating in developing economies. It treats AIS performance as a chain of related outcomes rather than assuming that adoption automatically causes higher profitability.

5. MATERIALS AND METHODS

A critical narrative review approach was used. The source seminar was reorganised around established information-systems concepts and verifiable empirical literature on AIS success, SME performance and cloud-based accounting systems. The purpose of the review is conceptual synthesis rather than pooled statistical estimation.

The analysis uses the DeLone and McLean information-systems success model as a primary organising framework and supplements it with resource and organisational-context arguments. Studies were selected to illustrate different parts of the AIS-performance pathway, including information quality, system use, user capability, firm size and cloud deployment. Emphasis was placed on peer-reviewed work for which publication details could be verified.

The review does not claim a systematic search, meta-analysis or original survey. It therefore avoids numerical findings that cannot be reproduced from verified source records. This distinction is important because evidence about AIS should separate published empirical findings from illustrative propositions and managerial recommendations.

6. RESULTS AND DISCUSSION

AIS creates value through information, use and decisions

A useful starting point is information quality. Accounting systems create managerial value when information is accurate, complete, timely, relevant and accessible to authorised users. Poor-quality source data can undermine even technically sophisticated systems. Organisations therefore need controls over transaction entry, classification, reconciliation, master data and period-end review.

System quality is the second link. Reliability, usability, integration, response time, access control and backup procedures influence whether employees can use a system consistently. The DeLone and McLean (2003) model shows why information-system success should be evaluated through multiple dimensions. A technically available system that employees avoid, mistrust or work around cannot generate the same net benefits as one that is reliable and embedded in business routines.

Effective use connects system capability to managerial action. AIS can make information available quickly, but business performance changes only when managers interpret and use that information for pricing, budgeting, purchasing, inventory, credit control, cost management or financing decisions. The key pathway is therefore not software to profit

directly, but system quality and information quality to effective use, better decisions and operational outcomes.

Stage	Key question	Typical indicators
System quality	Does the AIS work reliably and fit business processes?	Availability, usability, integration, security, response time
Information quality	Is the output decision-useful?	Accuracy, completeness, relevance, timeliness, consistency
Effective use	Do employees and managers actually use the system well?	Routine use, correct procedures, training, user satisfaction
Decision and control	Does information improve action and accountability?	Budgeting, reconciliation, exception review, working-capital decisions
Business outcomes	Are operational or financial results improving?	Efficiency, error reduction, reporting speed, cost control, profitability

Evidence from SMEs and developing-economy contexts

Research among SMEs supports the importance of complementary organisational conditions. Al-Hattami et al. (2021) report that AIS success is related to SME performance measures in Yemen. This is relevant to developing-economy settings because firms may face limitations in specialist staffing, infrastructure and management systems. The implication is not that one package produces a universal performance effect, but that the quality and use of AIS can become an organisational capability when combined with appropriate skills and management support.

Cloud computing changes the cost and deployment model. Vo Van et al. (2024) show that cloud-based AIS usage can contribute to AIS effectiveness and organisational performance in SMEs, with firm size influencing some relationships. Cloud services can reduce the need for local servers and simplify updates, but they increase dependence on connectivity, provider reliability and data-governance arrangements. Firms should therefore evaluate both convenience and control.

For smaller firms, benefits often arise from basic disciplines rather than advanced analytics. Consistent transaction capture, bank reconciliation, debtor and creditor tracking, inventory updates and monthly management reports can materially improve visibility. A poorly implemented advanced system can create less value than a simpler system that is consistently used and reconciled.

Internal control and business performance

AIS contributes to performance partly by reducing information risk. Segregation of duties, user permissions, approval workflows, audit trails, sequential documents, backup procedures and exception reporting can reduce error and make irregular transactions easier to detect. These controls also improve the credibility of financial reports used by owners, lenders, auditors and regulators.

Control should not be treated as separate from performance. Reliable records reduce time spent correcting mistakes, improve confidence in management reports and support faster decisions. At the same time, controls must fit firm size. A micro or small enterprise may not have enough staff for full segregation of duties, so compensating controls such as owner review, independent bank reconciliation and restricted system permissions become important.

Training, user capability and organisational readiness

AIS effectiveness depends on users understanding both the software and the accounting logic behind it. Training that focuses only on where to click can leave employees unable to recognise incorrect postings or interpret reports. Organisations need role-based training that combines accounting procedures, system functions, internal controls and data-security responsibilities.

Management commitment also matters. If owners or managers continue making decisions from informal records while treating the AIS only as a compliance tool, employees have little incentive to maintain high-quality data. When managers routinely review system-generated reports, reconcile exceptions and use information in meetings, the system becomes part of organisational decision-making rather than an isolated accounting application.

Emerging cloud, AI and automation capabilities

Cloud accounting, application programming interfaces, automated bank feeds, optical character recognition and AI-assisted classification are changing AIS functionality. These tools can reduce manual entry and accelerate reporting, but automation shifts rather than removes control responsibilities. Organisations still need to validate mappings, review exceptions and monitor data quality.

AI should be treated as decision support, not an unquestioned accounting authority. Generative and predictive tools can help identify anomalies, classify transactions or summarise trends, but they may also produce incorrect or opaque outputs. Financial reporting

and control decisions require traceability, verification and clear responsibility for final judgements.

A practical framework for AIS performance

The literature suggests a five-part implementation logic. First, define the business and reporting needs before choosing technology. Second, establish sound transaction and control processes. Third, select a system that fits firm size, transaction complexity, connectivity and compliance requirements. Fourth, train users and monitor data quality. Fifth, evaluate outcomes using both process indicators, such as reporting speed and reconciliation errors, and business indicators, such as working-capital management, cost control or profitability.

Implementation priority	Practical action
Fit before features	Choose functions that solve real accounting and operational needs
Data quality	Standardise accounts, master data, transaction rules and reconciliations
User capability	Provide accounting plus system training and continuing support
Control and security	Use permissions, backups, audit trails and exception reviews
Management use	Integrate AIS reports into routine decisions and performance reviews
Outcome evaluation	Track process improvements and objective business measures where possible

Research implications

Future AIS research in developing economies should clearly separate adoption, use, system quality, information quality and business performance. Cross-sectional self-report surveys can identify associations but cannot by themselves establish causal performance effects. Stronger studies should preserve anonymised datasets, describe sampling and field procedures, use validated measures and, where possible, combine perceptions with objective financial or operational indicators. Longitudinal designs can better test whether performance changes after system implementation.

7. CONCLUSION

Accounting Information Systems can support business performance by improving information quality, reporting speed, internal control and the availability of decision-relevant

data. The most credible pathway is indirect: good systems and good data enable effective use, which supports better decisions, stronger controls and operational improvements.

The evidence also explains why technology adoption alone is an inadequate performance measure. User capability, training, management commitment, organisational readiness, system fit, data governance and infrastructure affect the value realised from AIS. Cloud systems may widen access for SMEs, but connectivity, security and provider dependence must be managed.

For organisations, the practical priority is disciplined implementation and effective use rather than acquiring the most complex software. For researchers, future work should rely on transparent methods, verified primary records and objective outcome measures where possible. This will strengthen evidence on when, how and for whom AIS improves performance.

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