



The Relationship Between Accounting Information Systems and Financial Performancesho

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Abstract: The study aimed to identify the role of accounting information systems (AIS) and how to rely on them to improve financial performance (FP). It also aimed to identify the importance of AIS in making decisions related to FP. Through the theoretical aspect, the nature of AIS, their objectives and importance in FP were discussed. The factors affecting FP were also addressed. A number of conclusions were reached, the most important of which is that there is a positive impact on the FP of the Diwaniyah Investment Authority due to its use of AIS. Also, keeping up with technological development in AIS is necessary to improve FP.

Keywords: Accounting Information Systems (AIS), Financial Performance.

Introduction

The technological development and modernization of various systems, including AIS, are characterized by their speed and accuracy in processing financial information (Chyzhevskaya et al., 2021). This is also due to their importance, as FP is a duty and a challenge for the continued operation of any economic institution. This importance is demonstrated through the use of secretarial information schemes by the Diwaniyah Investment Authority (Wijayanti et al., 2025). These systems also help in providing the necessary financial information for decision-making to achieve planned objectives (Balicka, 2023). The research concluded with a set of recommendations, the most important of which is the necessity of continuing to rely on AIS due to the good and reliable results they have achieved in financial data (Qatawneh, 2023). Furthermore, it is necessary to keep pace with technological progress and development in all fields, especially AIS. This increases the efficiency and effectiveness of employees, which in turn is reflected in the accuracy and improvement of FP.

Methodology

Research Problem:

The research problem was how AIS contribute to raising the efficiency of FP.

Research Objective:

The research seeks to understand the role of AIS in improving FP, as well as the importance of AIS in making decisions related to FP.

Importance of the research:

The importance of the research is embodied in the fact that FP is a duty and a challenge for the continued operation of any economic institution. This importance comes through the use of AIS by the Diwaniyah Investment Authority, as well as demonstrating the extent of the contribution of AIS to improving FP, as well as helping in providing the necessary financial information in making decisions to achieve the planned goals.

Research Hypotheses:

H1: There is a direct and statistically significant correlation between AIS and FP.

H2: There is a direct and statistically significant relationship between AIS and FP.

Research Sources:

- a. Arabic and foreign books.
- b. University theses and dissertations.
- c. The questionnaire.
- d. The Internet.

Result and Discussion**Part Two: Theoretical Aspect****Firstly: The concept of accounting information systems:****The concept of accounting information systems:**

AIS are a fundamental and crucial part of the management information system in an economic unit within the business sector (Zohry & Al-Dhubaibi, 2024). They collect and compile financial data from sources both inside and outside the economic unit, then process and transform this data into useful financial information for users both within and outside the economic unit. (Lakhshab, 2015: 17), and AIS are those systems that consist of a group of individuals and devices that provide information relevant to management levels in order to achieve a set of objectives (Bouhaik, 2015: 4)

The importance of accounting information systems:

The importance of AIS lies in the following points (Boulbasal & Maghzili, 2023: 17):

a. AIS are fundamental in accounting:

It focuses heavily on how data is collected and transformed into useful information, ensuring its continued availability and reliability (Noviyanti, 2025). Accounting is an information-providing activity, therefore accountants need to know and understand how the information-providing system is designed and implemented, how financial reports are disclosed, the extent to which this information contributes to decision-making, and how the information is provided and used (Julius, 2024).

b. AIS skills are a tool for achieving success in accounting professions:

Some of the most significant of these occupations are the following:

- Examiners need to assess the correctness and dependability of the information produced by the AIS (Kimani,2024).
- Accountants must comprehend the client's AIS sufficiently to be self-assured that it delivers them with passable and accurate information for tax preparation and obedience with business supplies (Sheikh,2024).

c. The study of AIS complements the study of other systems:

Other systems studies focus on the design and implementation of information systems and databases.

Types of AIS:

AIS can be classified according to the nature and type of information as follows: (Al-Khafaji, 2019: 28).

- a. Financial AIS: Financial accounting is a branch of accounting that possesses the necessary elements to function as an information system by providing information to various stakeholders, both within and outside the economic unit, such as investors, government agencies, the general public, and others, through financial statements (Rachmad et al.,2024). It should be noted that the presentation of accounting information is done clearly and objectively, in accordance with accounting standards, principles, and foundations that reflect the actual state of the economic unit (Salam, 2022).
- b. Operational AIS: This type of system focuses on providing information related to the operational activities of an economic unit (Zwaid et al.,2023). These systems are categorized according to the nature of each activity, such as systems for purchasing, sales, inventory, production, salaries and wages, production services, and fixed assets (Sukmarini& Yuliati,2022).
- c. Management AIS: It is one of the branches of accounting that specializes in providing information to all levels within the economic unit in the form of reports, statements and analyses that are appropriate to the nature and type of information required by each of those levels (Efuntade et al.,2023), noting that the nature of the information provided by this type of system is financial and non-financial, which would play a prominent role in the processes of decision-making, planning and control (Monteiro et al.,2022).

Components of AISs:

The AIS, like any system, consists of a set of elements (Al-Jarida, 2019: 15).

- a. Data Collection Unit: This part collects data from the environment surrounding the organization or through feedback by observation and recording. This data represents events that the accountant is interested in and considers useful and must be obtained and recorded.

b. Data Processing Unit: Here, the accountant performs recording, reporting, balancing, and analysis. The financial accountant relies on a traditional system such as the general journal or another processing system. Similarly, the cost accountant relies on one of the cost accounting methods to calculate the cost price and analyze costs. There are automated methods for processing accounting data, including:

- Balanced processing means that each part of the AIS has its own program, for example, an accounting program, Wages, resource accounting software.
- Integrated processing is a processing method that takes into account the relationships between the AIS and the rest of the system.

Other management information systems exist, and there are three levels of integration:

- Data integration where each program produces the required information and generates files that serve as input for the rest.
- Programs.
- The integration of procedures means that any significant event is recorded in all files that are affected by it.
- Database integration is achieved through a database management system such that:
 - It allows data to be structured in a way that is more compatible with any application program.
 - It allows multiple application programs to use the same database at the same time.
 - Database security and protection against unauthorized access.

Second: Financial Performance:

Definition of financial performance:

FP is defined as the assessment of the activity related to obtaining and using funds effectively with the intention of achieving the goals set by the economic unit. FP is also an appearance of business organization doings using financial events, and it is the main organization secondary all the different doings of the financial unit.

While others define FP as a measure of the degree to which goals are attained finished the use of financial metrics, FP is designated through three main viewpoints:

- a. Emphasizing its quality and management, which in turn lead to an increase in market share and better market performance by retaining and increasing the number of customers.
- b. Emphasizing the optimal use of assets, improving production efficiency, and reducing costs.
- c. Supporting and developing business course strategies (Mohammed and Ahmed, 2020: 756).

The objectives Financial performance:

FP generally aims to evaluate the performance of an economic unit from multiple angles, and in a way that achieves the objectives of information users who have financial interests. The objectives of FP can be summarized as follows:

Financial equilibrium, economic unit growth, profitability and returns, control of financial risks. www.iasj.net/iasi?func=fulltext&ald

The importance of financial performance:

The importance of FP lies in the goals it achieves for the management of the institution or investors, which are: (Afari, 2024: 21).

- a. It helps in the process of analyzing, comparing, interpreting and understanding financial data so that the appropriate decision can be made regarding the company's situation.
- b. Obtaining information that can be used in analysis to make a decision and choose the best stock.
- c. It helps straight senior organization to the centers of accountability that are greatest in need of management.
- d. It is founded on justifying human vigor in the future by stress and appreciating the fruitful rudiments, as well as stress the weak or infertile rudiments so that they can be distributed with.

The Dimensions of financial performance:

There are two main dimensions of organizational performance: - (Abd, 2023: 65).

The organizational dimension of performance:

Organizational performance refers to the methods and approaches adopted by an organization in the organizational field to achieve its set goals. Therefore, we can distinguish a set of positive aspects for this dimension that contribute to organizational effectiveness, namely:

- It sets specific criteria on which the organization's managers measure the effectiveness of the adopted organizational procedures and their impact on the organization's performance.
- This measurement is directly related to the organizational structure (the levels of effectiveness that an organization can reach as a result of socio-economic organizational standards).
- The criteria for measuring organizational effectiveness play a very important role in performance evaluation, as they allow for the timely discovery of organizational difficulties from their earliest manifestations, before their economic effects on the organization appear.

The social dimension of performance:

What is meant here is the degree of satisfaction achieved among members of the organization at different levels within the organization, because this directly impacts their loyalty to their organizations. As for the importance of this aspect:

Focusing solely on the economic aspect of human resources, without considering the social aspect, negatively impacts the overall performance of the organization.

Economic efficiency is linked to social efficiency, and this is evidence of good management.

Giving consideration and attention to the nature of the prevailing social relations within the organization, meaning conflicts, crises, etc.).

Areas of financial performance:

FP has specific areas, and each part reflects a specific goal that the organization seeks to achieve: (Taleb and Al-Mashhadani, 2011: 67).

- a. FP area: It is related to the financial aspect and is worried with the productions attained from the financial objectives.
- b. The field of financial and working presentation: It syndicates financial and working presentation, as it is used in gauging it on financial and working pointers such as marketplace part, product excellence and other events. This presentation is tinted when financial pointers cannot reveal it precisely.
- c. The field of organizational effectiveness: It events the extent to which the group achieves its goalmouths and its agreement with the outside financial environment in which it functions in terms of the misuse of obtainable resources and the organization's aptitude to survive irrespective of attaining the goalmouths it seeks.

Factors affecting financial performance:

The factors affecting FP are as follows: (Al-Khatib, 2010: 48).

- a. Internal factors:
 - Lack of clarity regarding the degree of organizational relationships between individuals, departments, and divisions.
 - The degree of the organization's basic objectives.
 - The absence of an information system that effectively informs decision-makers.
 - The extent to which financial and human resources are available to the organization.
- b. External factors:
 - Technical and technical changes moving the excellence of services.
 - Laws and rules that apply to organizations by the national and market laws.
 - The state's financial and financial rules.

Part Three: The Practical Aspect

Study population and sample:

The study population consists of the Diwaniyah Investment Authority. The research sample consists of the employees of the Diwaniyah Investment Authority. (80) questionnaire forms were distributed, and (78) forms were valid or returned, representing (98%). Table (1) represents the demographic variables of the sample members.

Table 1. shows the demographic variables of the sample individuals

variables		NO.	%
Sex	male	43	%55
	feminine	35	%45
the age	Under 30 years old	24	%31
	30 years and older	54	%69
Scientific specialization	accounting	27	%35
	Business Administration	15	%19
	Economy	7	%9
	Other	29	%37
Academic qualification	PhD	6	%8
	Master's	8	%10
	Bachelor's	28	%36
	Technical Institute	9	%12
	Other	27	%34
Years of experience	Under 20 years old	45	%58
	20 years and older	33	%42
Total		78	%100

Statistical methods:

The researcher used the al software (SPSS) to conduct the necessary analyses and statistics for the questionnaire data. The statistical methods used include the following:

- a. Pearson's correlation coefficient to verify the internal consistency of the questionnaire.
- b. Cronbach's alpha coefficient to verify the reliability of the questionnaire.
- c. The mean and standard deviation to judge the degree of effectiveness of the relationship between AIS and FP using the five-point Likert scale.
- d. The calculated t-test for the research sample to confirm the statistical significance of the relationship between AIS and FP.

Table (2) shows the results of the Kaiser-Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity regarding the strength of correlation between the factors of the AIS variable. The calculated KMO value of 0.934 indicates that the sample is very suitable for analysis. This value is considered high and exceeds the minimum acceptable threshold (0.60), demonstrating the quality and efficiency of the data. As for Bartlett's test, the calculated Chi-Square value is 12.743 with 10 degrees of freedom and a significance level of 0.008. This value is significant because the significance is less than 0.05, meaning we can reject the null hypothesis, which states that there are no strong significant correlations between the variables. Based on these results, it can be concluded that the data are suitable for factor analysis, indicating the possibility of extracting significant factors in FP.

Table 2. Strength of correlation between AIS and FP

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		9340.
Bartlett's Test of Sphericity	Approx. Chi-Square	12.743
	Df	10
	Say.	0080.

The truth of internal consistency:

Cronbach's alpha test was rummage-sale to measure the constancy of the study sample's answers to the questionnaire questions. If the value of this test is greater than (0.06), then this is considered acceptable from an applied point of view. Table (3) shows the results of the dependability tool for this study.

Table 3. Interior consistency dependability coefficient for survey dimensions (Cronbach's alpha)

T	Variables	Number of paragraphs	Cronbach's Alpha value
1	AIS	6	0.845
2	FP	6	0.823
3	All questionnaire items	12	0.834

Study tool:

The responses were obtained from the participants using a five-point Likert scale, which assigns relative importance to each answer. The response range was from 1 to 5 on the five-point Likert scale, as shown in Table (4):

Table 4. Default weights for the five-point Likert scale

Answer weight	I completely agree	I agree	neutral	I disagree	I don't completely agree
	5	4	3	2	1

Results of the statistical analysis of the study variables:

Table 5. means, standard deviations, and calculated t-value for the study variables

NO.	Questions	mean	Standard deviation	value of t Calculated	Level of significance	Effectiveness level	Order
1	AIS provide information for optimizing expenses and increasing revenues.	4.17	0.72	14.34	0.000	High	2
2	FP based on AIS contributes to raising the performance and efficiency of the Diwaniyah Investment Authority.	3.79	0.96	7.33	0.001	High	8
3	The extent to which the quality of AIS affects the accuracy of financial data	3.72	0.90	7.08	0.000	High	10
4	FP based on AIS helps in developing and enhancing the ideas of employees at the Diwaniyah Investment	4.03	0.79	11.56	0.000	High	5

NO.	Questions	mean	Standard deviation	value of t Calculated	Level of significance	Effectiveness level	Order
5	Authority. AIS offer flexibility in processing financial data.	4.27	0.87	12.97	0.00	High very	1
6	FP, based on AIS, contributes to updating and developing the level of FP in the directorate.	4.15	0.78	13.02	0.00	High	4
7	The extent to which AIS contribute to supporting financial planning	4.16	0.79	13.07	0.00	High	3
8	FP, relying on AIS, contributes to setting clear and achievable goals within the specified timeframe.	3.70	0.86	7.28	0.00	High	11
9	Integrated accounting information contributes to improved transparency and financial compliance.	3.77	0.76	8.94	0.00	High	9
10	Challenges facing the FP of the directorate due to its adoption of AIS	3.96	0.89	9.52	0.00	High	6
11	AIS help in displaying reports on the due dates of disbursement transactions.	3.49	1.17	7.73	0.00	High	12
12	FP, relying on AIS, contributes to improving the effectiveness of administrative processes (organization, planning, control, etc.) within the Diwaniyah Investment Authority.	3.82	0.90	8.10	0.00	High	7
All paragraphs		3.92	0.55	14.71	0.00	High	—

From the table above, the means, standard deviations, intended t-test value, and significance level (sig. probability value) were extracted. The items were arranged according to the order of their means in ascending order, and Table (5) illustrates this as follows:

There is one item with a very high effectiveness rating, while there are (11) items with a high effectiveness rating. The mean ranges between (3.49) and (4.27). It is noted that items (5, 1), in which the fifth item states that AIS offer flexibility in processing financial data. The first paragraph states that AIS provide information for optimizing expenses and increasing revenues. Items (5) and (1) ranked first and second respectively in terms of effectiveness, with a very high level of effectiveness and a high level of

effectiveness, because the significance level for both items is less than (0.05). Therefore, the difference between the actual mean and the hypothetical mean is statistically significant and in favor of the mean. Items (8) and (11), the eighth of which states that...FP, relying on AIS, contributes to setting clear and achievable goals within the specified timeframe.Paragraph eleven states AIS help in displaying reports on the due dates of disbursement transactions.The items ranked second to last and last respectively in terms of high effectiveness, as the significance level for both items was less than (0.05). Therefore, the difference between the actual mean and the hypothetical mean is statistically significant and in favor of the mean..

Hypothesis testing:

Testing the hypothesis of the correlation between AIS and FP.

There is no statistically significant correlation between AIS and FP at the significance level of) $\alpha \leq 0.05$.

There is a statistically significant correlation between AIS and FP at a significance level of) $\alpha \leq 0.05$.

Table 6. Correlation Coefficients

CAI		
0.748**	Pearson Correlation	RTE
0.000	Sig. (2-tailed)	
50	N	

From Table (6), we find that the variable AIS is strongly positively correlated with the variable FP, as we note that the value of the correlation coefficient was 0.748**. From the above results and from the Sig value, which was 0.000 for all variables, the first sub-null hypothesis, which states: There is no relationship between AIS and FP, is rejected, and the alternative hypothesis, which states: There is a relationship between AIS and FP, is accepted.

Testing the hypothesis of the effect between AIS and FP.

There is no statistically significant relationship between AIS and FP at the significance level of $\alpha \leq 0.05$.

There is a statistically significant relationship between AIS and FP at a significance level of $\alpha \leq 0.05$.

Table 7. Direct Impact Values Between AIS and FP

		Estimate	C.R.	P
RTE	--->	CAI	0.55	3.001
				0.000

We can observe from the data in Table (7) above that the results confirmed a important effect between the variables of AIS and FP, as we note that all P-values are less than the significance level of 0.05. This leads to the refusal of the null theory and the receipt of the alternative theory: there is a statistically significant effect relationship between AIS and FP at the significance level of) $\alpha \leq 0.05$.

Conclusions

The research findings demonstrated that the quality of accounting information within the directorate is influenced by, and in turn influences, a range of economic and financial factors. It was also observed that accounting information systems play a role in integrating the functions of the Diwanayah Investment Authority.

The use of accounting information systems clearly has a positive impact on the financial performance of the Diwanayah Investment Authority. However, there is a deficiency in employee participation in training and development courses related to accounting information systems, which hinders the improvement of financial performance. The results also indicate that keeping pace with technological advancements in accounting information systems is essential for enhancing financial performance.

Recommendations

Based on the presented findings, several recommendations can be made. Particular attention should be paid to the quality of accounting information systems and their outputs. Accounting information must be based on accounting standards, which enhances the efficiency of financial planning.

Furthermore, continued reliance on accounting information systems is essential due to their proven reliability in financial data. This necessitates enhanced training and development to provide qualified personnel, both theoretically and practically, to make decisions regarding the development of accounting systems, thereby contributing to improved financial planning.

Moreover, it is crucial to keep pace with technological advancements in all fields, especially accounting information systems. This increases employee efficiency and effectiveness, which, in turn, improves the accuracy and quality of financial planning.

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