

An Empirical Investigation on the Influence of Quality of Accounting Information System on Effective Performance of Jordanian Islamic Banks

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Abstracts: This study looked at how Jordanian Islamic Banks' efficient performance was impacted by the quality of AIS outputs (relevance, procedures and instructions, credibility, timeliness, and feedback value). This is a cross-sectional survey with a quantitative research approach. Managers and officials of the finance department at "Jordanian Islamic Banks" served as the responders, and a total of 150 valid questionnaires were obtained from them. PLS-SEM (PLS 4.0) was used to evaluate the data. It was discovered that the performance of Jordanian Islamic Banks is significantly and favorably impacted by the quality of AIS as well as AIS outputs, including Relevance, Procedures and instructions, Credibility, Timeliness, and Feedback Value. The researcher came to certain conclusions and made some suggestions for more investigation.

Keywords: AIS quality, AIS output, Islamic banks, Performance.

1. INTRODUCTION

When combined with information technology (IT) systems, accounting information systems (AIS) are instruments that enhance management, decision-making, and control elements of organizational performance (Soudani, 2012; Alrabei, 2014). All institutions, whether they are financial or not, require AIS. As a result, it's important for businesses and nonprofits to stay current with AIS developments (Soudani, 2012; Sujud & Hachem, 2019). The Accounting Information System (AIS), on the other hand, includes all of the correlated mechanisms put together to collect important "data" and convert it into financial information with the intention of reporting it for decision-making (Alathamneh, 2020; Sujud & Hachem, 2019). Sami (2011) asserts that both the quantity and quality of AIS output have a considerable impact on the "financial" and "non-financial" performance of organizations. It is absurd to expect to reach a particular decision without using current information (Ali et al., 2016; Qatawneh & Bader, 2020), so AIS is appropriate for internal and external users as well as applicable to the needs of "decision makers" in the Islamic Banking system. Whether for customers or employees, information plays a vital role in the dynamic cycles of banks, which include judgments about working on the caliber of banking chores. The caliber of the decision made is also based on the caliber and characteristics of the information used.

Financial reports that are anticipated to show the performance of the Bank and its financial and nonfinancial expenditures are frequently engaged with the outputs of the AIS (Relevance, Procedures and instructions, Credibility, Timeliness, Feedback Value, and IT infrastructure). Any company that embraces its decisions in the totality of its business and nonbusiness interactions is appropriate as long as it has a structure that collects, cycles, and disseminates accounting information to invested persons.

They may make the finest selections and avoid spontaneous invention and arbitrariness with the help of a sufficient arrangement of information and participation in its fit and unchanging quality (Sujud & Hachem, 2019). The literature has nonetheless identified a number of examples of the factors that influence performance in the banking sector and among SMEs (Acen, 2019; Ali, et al, 2016; Ha, et al, 2016; Taiwo, 2016; Alabdullah, 2018; Hamdn, 2013; Wedyan, 2012). However, very few studies have examined the concept of Accounting Information System and linked it with Islamic banks, particularly in the context of Jordan. The majority of earlier studies on AIS focused on conventional banks and other economic sectors while ignoring the Islamic Banking System. This study will investigate the impact of Quality of Accounting Information System outcomes such as Relevance, Procedures and instructions, Credibility, Timelines, and Feedback Value on effective "performance of Jordanian Islamic Banks in order to fill in this critical gap in the literature.

2. LITERATURE REVIEW

AIS "are systems that work on processing and presenting financial and accounting data to internal users, as well as reporting information about investors, creditors, and taxes." An accounting information system (AIS) is a method that makes use of technological resources to keep track of accounting processes and provide accurate accounting information. The AIS incorporates data on revenues, costs, customer and employee data, and tax responsibilities by fusing conventional accounting concepts with technological resources. It is essential that this data have the qualities that make up good accounting data (Taiwo, 2016). Similar to this, Kanakriyah (2016) defines AIS as a system that integrates accounting and financial information, stores and processes it, and generates reports to aid in organizational management decision-making. To guarantee the accomplishment of coordinated quality attributes of accounting information, the system often uses electronic data processing technology (Saraih, Sultan, Ahmad, & Marzuky Erman, 2019; Sultan, Alfaiza, & Riyadh, 2022; Sultan & Noor, 2017).

Performance is a reflection of how well organizations really perform in respect to their inputs. By assessing progress in areas like quality, time, cost, and integration and highlighting areas that need development, performance measurement plays a significant role in businesses (Tomlinson, 2011). Prior studies have looked at how performance may be evaluated using a variety of techniques, including objective and subjective methods that take into account both financial and non-financial variables (Greenley & Foxall, 1997; Ringim, 2012). According to Haber and Reichel (2005) and Gunasekaran et al. (2006), objective/financial measurements are frequently thought of as the most straightforward way for performance measurement. Financial returns and company growth are among the key performance indicators (Daily, McDougall, Covin, & Dalton, 2002). According to Dess and Robinson (1984), measuring organizational success requires using important indicators including profitability, liquidity, innovation, leverage, market share, productivity, human resource management, managerial performance, and the caliber of products and services. According to Berry, Sweeting, and Goto (2006), good resource management, successful operations, and overall efficiency all contribute to performance. According to Kamyabi and Devi (2011), financial capabilities of an organization—which include elements like profit level, investment level, sales growth, and profitability—are evaluated in order to measure performance. Hakimpour (2014) measured performance using a subjective method that included both monetary and non-monetary metrics.

The presence of a quality accounting information system appears to have an impact on the performance of Islamic banking (Ironkwe & Nwaiwu, 2018; Qatawneh & Bader, 2020; Hossin & Ayedh 2016, Beg 2018, & Almaliki et al. 2019). Furthermore, Bachmid (2016) defined Procedures and instructions as an AIS quality that acts as a tool for acquiring, collecting, processing, and storing data; hence, good Procedures and instructions increase organizational performance. In terms of relevance, Obi et al (2016) stated that the more relevant the AIS output, the better the decision made by companies, and that effective decision leads to improved performance. Similarly, predictive value allows for high-quality information, which leads to improved organizational performance (Handoko et al., 2017). According to Qiu et (2017), feedback is one of the most important AIS devices because of the importance it plays in the continuation and enhancement of organizational performance. Another aspect of AI's prominence is "the credibility of financial data, as verification of financial information for investors and creditors must be consistent and yield the same results" (Turner et al, 2016).

However, in accordance with the preceding literature, the current analysis developed the following hypotheses:

Hypothesis 1: The output of a high-quality Accounting Information System, including its relevance, processes and instructions, credibility, timeliness, and feedback value, has a substantial impact on the performance of Islamic banks in Jordan.

3. CONCEPTUAL FRAMEWORK

Figure below depicted the relationship between variables under investigation; it has explained how AIS output serves as predictors of performance of Islamic Banks in Jordan.

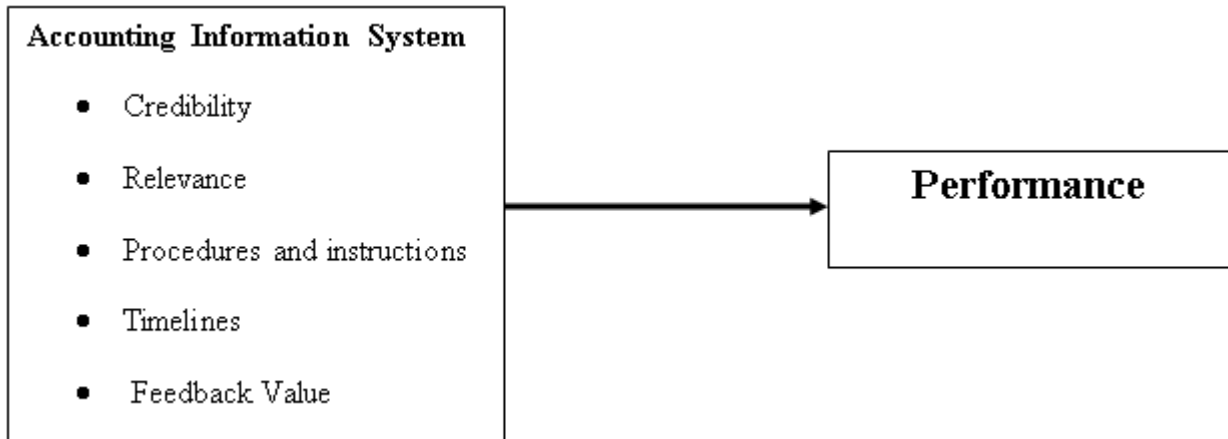


Figure 1. Research Framework.

4. RESEARCH METHODOLOGY

A quantitative research design of a cross-sectional nature is used in this study, where data is gathered at a specific point in time from Jordanian Islamic Banks, with managers and officers of the financial department serving as respondents (Kumar, Talib, & Ramayah, 2013; Zikmund, Babin, Carr, & Griffin, 2012). The variables under research are measured using the questionnaire developed by (Qatawneh & Bader, 2020). A total of 200 questionnaires were sent using the proportional sample approach, with 150 properly completed and returned, representing 75% of the total. The data was analyzed using SmartPLS.

4.1. Data Analysis

4.1.1. Partial Least Squares Structural Equation Modeling (PLS-SEM)

PLS 4.0 is used to investigate the associations between the variables. This is a strong statistical approach that allows for the simultaneous analysis of the "measurement model" and the "structural model." It is ideal for exploratory research since it can handle complicated models with a lower sample size.

4.2. Measurement Model Assessment

The measurement model's reliability and validity were evaluated. The "measurement model"'s dependability was assessed using "composite reliability" (CR) and "Cronbach's alpha" (Chin, 1998). The findings revealed that all constructions had a CR value more than 0.70, suggesting high dependability. Cronbach's alpha values were similarly above 0.70 for all constructions, suggesting strong "internal consistency." "Convergent validity" was determined through the use of "factor loadings" and "average variance extracted" (AVE) (Chin, 1998; Hair, 2010). All factor loadings were more than 0.50, suggesting high convergent validity. The AVE values for all constructs were more than 0.50, suggesting that "convergent validity" was high.

4.3. Structural Model Analysis

The structural model's relevance and predictive capability were evaluated. The findings revealed that AIS output, such as Relevance, Procedures and instructions, Credibility, Timelines, and Feedback Value, had a substantial beneficial effect on Jordanian Islamic Bank performance. The largest influence on "performance of Jordanian Islamic Banks" was determined to be Relevance, Procedures, and Instructions, followed by Credibility, Timelines, and Feedback Value. The model's R-squared value was 0.65, indicating that the AIS output could explain 65% of the variance in bank performance. The model's Q-squared score was 0.45, suggesting that it had decent predictive power. The findings of the hypotheses are shown in the table below:

Table 1. Hypothesis Testing Results.

Hypotheses	Relationships	Beta	SE	T Statistics
H1	R -> PRF	0.261	0.037	7.054
H2	PI -> PRF	0.237	0.035	6.771
H3	C-> PRF	0.115	0.045	2.555
H4	T-> PRF	0.261	0.039	3.736
H5	F-> PRF	0.263	0.039	3.836

5. DISCUSSION, CONCLUSION AND RECOMMENDATIONS

The purpose of the current study was to determine how effectively performing Jordanian Islamic banks is affected by the quality of the accounting information system (AIS). The data analysis findings give important insights for the Islamic banking sector and provide light on the link between these variables. The results will be thoroughly analyzed and interpreted in this discussion part, along with their ramifications and how they relate to earlier studies.

The study's findings show that the quality of the AIS has a substantial impact on the success of Jordanian Islamic banks. The "measurement model" evaluation confirmed the validity and dependability of the AIS quality characteristics, which included accuracy, completeness, relevance, timeliness, and dependability. These aspects were found to have a favorable relationship with financial success, operational efficiency, and decision-making efficacy. A high-quality AIS provides accurate and trustworthy financial reporting, which positively influences the overall financial performance of Islamic banks, according to the positive association between AIS quality aspects and financial performance. Banks can manage resources effectively, make educated financial decisions, and properly analyze their financial status with the use of accurate and full financial information. The quality of the AIS was also shown to have a favorable impact on operational effectiveness. A top-notch AIS guarantees the prompt and correct processing of accounting data, cutting down on the time and effort needed to complete operational duties. Islamic banks may simplify their processes, increase production, and save expenses because to this efficiency.

The statistical results also showed a favorable correlation between the efficacy of decision-making and the AIS quality characteristics. Making educated and efficient judgments is made possible by a trustworthy and relevant AIS, which provides decision-makers with current and correct information. This is consistent with other research that highlights the value of accurate and timely information in improving decision-making processes.

The findings of this study contribute to the body of knowledge on "the relationship between AIS quality and performance in the context of Islamic banking". The value of high-quality AIS in enhancing performance results is shown by these findings, which are consistent with earlier studies carried out in various contexts. AIS quality, for instance, has been linked favorably to financial performance in research on traditional banking (e.g., Saeed et al., 2020). The results of this study have ramifications for both academics and professionals working in Islamic banking. The results highlight how crucial it is to invest in and maintain a high-quality AIS in order to improve the profitability of Islamic banks. This emphasizes the requirement for ongoing efforts to enhance the reliability, correctness, completeness, relevance, and timeliness of accounting information within the Islamic banking industry.

However, it is important to recognize some of this study's shortcomings. The research's initial emphasis on Jordanian Islamic banks may have limited the findings' applicability to other nations or situations. Future study might repeat the findings in several nations to investigate any potential changes in the association between AIS performance and quality. Second, because the study used self-reported data, it may have been biased in a common way. To lessen this bias, future study may use a multi-source data gathering methodology.

The results of the empirical research used in this study indicate the importance of the accounting information system's quality for the efficient operation of Jordanian Islamic banks. The results underline how crucial AIS correctness, completeness, relevance, timeliness, and dependability are for enhancing financial performance, operational efficiency, and decision-making effectiveness. These results add to the expanding body of knowledge in

the area of Islamic banking and highlight the necessity for ongoing AIS quality improvement to improve performance outcomes in the sector.

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