

**ST. MARY'S UNIVERSTY
BUSINESS FACULTY
DEPARTMENT OF ACCOUNTING
ACCOUNTING INFORMATION SYSTEM AND ITS
IMPACT ON ADMINISTRATION; IN THE CASE OF
COMMERCIAL BANK OF ETHIOPIA**

BY

GOSAWORK FIKADU

MUNA NEGASH

TSEGRDA SOLOMON

JUNE, 2014

ADDIS ABABA

**ACCOUNTING INFORMATION SYSTEM AND ITS
IMPACT ON ADMINISTRATION; IN THE CASE OF
COMMERCIAL BANK OF ETHIOPIA**

BY

GOSAWORK FIKADU

MUNA NEGASH

TSEGRDA SOLOMON

**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF BACHELOR OF ART
IN ACCOUNTING**

JUNE, 2014

ADDIS ABABA

ST. MARY'S UNIVERSTY

**ACCOUNTING INFORMATION SYSTEM AND ITS IMPACT
ON ADMINISTRATION; IN THE CASE OF COMMERCIAL
BANK OF ETHIOPIA**

BY

GOSAWORK FIKADU

MUNA NEGASH

TSEGRDA SOLOMON

Approved by the committee of examiners

Department head

signature

Advisor

signature

Examiner

signature

External examiner

signature

Acknowledgments

At all stages of doing this, we dreamt of reaching the moment of writing that acknowledgments not have become a reality without the invaluable support of God and several individuals. Hence, we wish to present our appreciation to all those who extended their support in many different ways.

We would firstly like to thank God for everything and we would like to express our gratitude to our advisor Ato Gebregziabher Hagos for his patient guidance, encouragement and excellent advice throughout this study. We are very fortunate to be under his supervision, as he embraced every responsibility of a principal supervisor to guide our research.

We are thankful to our friends for all their help, support and valuable discussions up on doing this study. We would like to acknowledge staff members in commercial Bank of Ethiopia, Hade office

Finally, our great appreciation and enormous thanks go to our parents strived our success in all their life.

Table of contents

	PAGE
Acknowledgment	i
Table of content	ii
List of tables.....	iv
Acronyms.....	v
Abstract.....	vi
I. INTRODUCTION	
1.1 Background of the study	1
1.2 Statement of the problem	2
1.3 Research questions	2
1.4 Objective of the study	3
1.5 limitation of the study	3
1.6 Significance of the study	3
1.7 Scope/Delimitation of the study	3
1.8 Research design and methodology	4
1.8.1 Research design	4
1.8.2 Population and sampling technique	4
1.8.3 Data types and source	4
1.8.4 Method of data collection	5
1.8.5 Data analysis methods	5
1.9 Organization of the study	5
II. REVIEW OF RELATED LITERATURE.....	6
2.1 Theoretical reviews	6
2.1.1 Information system	6
2.1.2 Accounting information system	7
2.1.3 The role of AIS in banks	8

2.1.4 AIS and decision making	9
2.1.5 AIS and their effect on management	11
2.2 Empirical Reviews	14
III DATA ANALYSIS AND INTERPRETATION	16
3.1 Case Presentation and analysis	16
3.1.1 Quaternaries Analysis	17
3.1.2 Analysis of Interview	26
IV.SUMMERY, CONCLUSIONS AND RECOMMENDATION	27
4.1 Summaery of Finding	27
4.2 Conclusions	28
4.3 Recommendation	29
References	30
Appendices	

List of table

Table	Page
Table 1: Background information of respondent	17
Table 2: Accounting Information System problem existed in commercial Bank of Ethiopia	18
Table 3: Respondents attitude towards the awareness of CBE management about the use and implementation of AIS	19
Table 4: Respondents attitude towards the use of AIS for administrative Decisions	20
Table 5: Respondents opinion about effect of AIS on the quality of decisions of their organization.....	21
Table 6: Respondents answer for questions regarding the contribution of AIS for the attainment of their organization objectives	21
Table 7: Respondents attitude towards the role of AIS in CBE Administration.....	22
Table 8: Respondents attitude towards the existence of knowledge gap between different levels of management in CBE	23
Table 9: Respondents attitude towards the standard services provided by AIS and its contribution in the administration process over the past years	23
Table 10: Respondents answer for questions regarding strategic positions and AIS helpfulness in achieving this position.....	24
Table 11: respondent opinion about the problem AIS in CBE.....	25
Table 12: problem existed implementing AIS in CBE	25

Acronyms

AIS- Accounting Information System

CBE- Commercial Bank of Ethiopia

ATM- Automated Teller Machine

IT- Information Technology

MIS- Management Information System

CATS – Customer Accountant and Transaction Service

TS- Trade Service

CSM- Customer Service Manager

CSO- Customer Service Officer

ICT -Information and Communication Technology

Abstract

This study is focused on the Accounting information system and its impact on administration of commercial bank of Ethiopia. The main objective of the research is to examine the impact of AIS on the administrative quality of commercial bank of Ethiopia. To fulfill this objective primary data were used. A primary data were collected through questionnaires and interview. The major problems there is knowledge gap on the use of AIS between different levels of management. To overcome a problem identified a constructive recommendations would be made CBE should check the information disperse in the company in order to minimize the knowledge gap.

CHAPTER ONE

1. Introduction

1.1 Background of the study

From time immemorial, Information has always played a prominent role in human life but the emergence of social progress and the vigorous development in science and technology has immeasurably increased the role of information in every facet of human endeavor. The rapid expansion of a mass of diversified information has born the term information and elucidation of its most characteristic properties which has led to principal changes in interpretation of the concept of information (Agbolade ,2011 ,pp.20-45).

Accounting is the service function that seeks to provide the users with quantitative information. On the other hand, Accounting Information System (AIS) is an information system that designed to make the accomplishment of accounting function possible. AIS processes data and transactions to provide users with the information they need to plan, control, and operate their businesses. An accounting information system can be a manual system, or a computerized system using computers. Regardless of type, AIS is designed to collect, enter, process, store, and report data and information. (Romney, Marshall ,1997, PP.96-109).

Accounting Information System (AIS) as one of the most critical systems in the organization has also changed its way of capturing, processing, storing and distributing information. Nowadays, more and more digital and on-line information is utilized in the accounting information systems. Organizations need to take an action, which put such systems at the forefront, and consider both the system and the human related factors while managing their accounting information systems. In

managing an organization and implementing an internal control system, the role of accounting information system (AIS) is crucial (Steinbart, 1997, PP.123-140). The objective was to examine the impact of AIS on the quality of commercial bank of Ethiopia.

1.2 Statement of the Problem

The main purpose of accounting is to provide financial data that uses for decision making. For instance, business executives and managers need the financial information provided by accounting system to help them to plan, to control and evaluate business operation. Outsiders such as bankers, potential investors, labor unions and other also need accounting information. [Plunkett: 1986, PP.34-48]

According to USAID, 2006 accounting information system is useful if it has a potential for making administrative decision otherwise it misleads the users idea and also that lead them to decide wrong decisions, and that may be the cause for bankruptcy or loss of the organization. In Ethiopia organization this problem is visible; they do not utilize AIS as tool for the administration purpose. Therefore, this research tried to show the role of AIS in administration purpose in case of CBE.

1.3 Research Question

This research has attempted to address the following questions throughout the studies:

- Did CBE use AIS effectively for administrative decisions?
- What is the role of AIS in CBE administration?
- Dose a knowledge gap exists on the use of AIS between different levels of management?
- Does CBE use AIS effectively to attain its objectives?

1.4 Objective of the Study

1.4.1 General Objectives

The general objective of this study was to examine the impact of AIS on the administrative quality of commercial bank of Ethiopia.

1.4.2 Specific Objectives

The specific objectives of the research were to:

- To assess whether CBE is using AIS effectively for administrative decisions.
- To analyze the role of AIS in CBE Administration
- To investigate whether knowledge gap exists on the use of AIS between different levels of management.
- To analyze whether CBE use AIS effectively to attain its objectives

1.5 Limitation of the Study

During the study period the research was selected from CSO and CSM from Finfina branch because it's difficult to contact managers and experts to get efficient information.

1.6 Significance of the Study

The study findings and recommendation are highly important to the management of the institution (CBE). It draws their attention to the some of the points were corrective actions should be taken. Furthermore it will be used as an additional reference material.

1.7. Scope of the Study

The study has focused on the impact AIS on the administration of CBE. Although the bank has many branches throughout the country the study

is restricted on Addis Ababa specifically head office. Beside the study cannot visualize overall impact of AIS on the organization as whole it's mainly restricted on administration area. The time path of the research was restricted on the fiscal year of 2012-2013/14

1.8. Research Design and Methodology

1.8.1 Research Design

A descriptive study was conducted to examine the impact of AIS on administration of CBE. Quantitative and qualitative data were used to conduct the research.

1.8.2 Population and Sampling Techniques

In conducting this research, the total population of the study was the directors and experts of Management Information System (MIS), Customer Accountant and Transaction Service (CATS), Trade Service (TS) and credit sub-process of the bank at head office. Out of the total population is 30 employees, 20 are taken for the study purpose. These 20 employees are selected from sub and support processes of the bank. From the sub process 3 employees are selected from each section of CATS, TS MIS, and CR. From the IT department 3 are selected and form different level of positions at the bank (i.e Finfine branch) 1 managers and also 2 employees from each Customer service Manager (CSM) and Customer service officer (CSO) selected. Sample of 20 from 30 total populations was selected based on personal judgement method in order to minimize cost and time of the study. Interview was used to obtain relevant data from different experts of sub process of the bank and IT department of CBE that leads the researchers to gather relevant information, which is not documented. It is also important to get detail information that improves the quality of the study.

1.8.3. Data Types and Source

These study use primary data source were collected from distribution of questionnaires and interviews.

1.8.4 Methods of data collection

From the various data collection instruments the researchers have used questioners, interviews to gather relevant information to analyse the role of AIS in administration in case of CBE.

1.8.5 Data analysis Methods

The data collected through questionnaire was analysed using descriptive analysis techniques. Hence, such data are presented in tabulation, charts, graphs percentage and description of the result from data presentation and analysis.

1.9 Organization of the paper

The study comprised four chapters. The first chapter deals with the introduction; this includes the background, statement of the problem, objectives of the study, significance of the study, methodology scope and limitations of the study. The second chapter describes the existing relevant literature. The third chapter was focuses on data presentation and analysis. The final chapter is about conclusion and recommendation of the whole chapters.

CHAPTER TWO

2. Literatures Review

2.1 Theoretical Review

2.1.1 Information systems

Information and Communication Technology (ICT) is the automation of processes, controls, and information production using computers, telecommunications, software's and other gadget that ensure smooth and efficient running of activities. It is a term that largely covers the coupling of electronic technology for the information needs of a business at all levels. ICT has surpassed the role of support services or only electronic data processing; its fields of applications are slightly global and unlimited. Its devices especially the Internet and modern computer email facilities have further strengthened early modernizations like the telephone and fax. Other ICT devices include data recognition equipment, factory automation hardware and services, telecommuting and teleconferences using real time and online system (Obasan Agbolade 2011, PP.59-80).

As information and communications technologies cover a wide range and include all the areas in which a firm acts, this research work has focused on a specific part of them, the accounting information systems (AIS) to show that computerized accounting tools are directly related to the economic and financial results and productivity in small and medium-sized business organizations. AIS are systems used to record the financial transactions of a business or organization. This system combines the methodologies, controls and accounting techniques with the technology of the IT industry: user interface, computers and sophisticated software. The software used to track transactions provides

internal reporting data, external reporting data, financial statements, and trend analysis capabilities (Obasan Agbolade, 2011, PP. 157-190).

2.1.2. Accounting Information System

Information system: An information system is a set of formal procedure by which data are collected and processed into information and distributed to user (Romney 1997, PP.205-220). Accounting information system is a system that collects, records, stores, and processes data to produce information for decision makers. It can use advanced technology or be a simple paper-and- pencil system: or be something in between. Accounting information system is a specialized subsystem of the information system that collects, processes, and reports information related to the financial aspects of business events (GeLinias, 2008, pp.8). Accounting information system is a computer-based system that increases the control and enhances the corporation inside the organization (Essex, and Magal, 1998, pp.67).

Accounting Information System (AIS) as one of the most critical systems in the organization has also changed its way of capturing, processing, storing and distributing information. Nowadays, more and more digital and on-line information is utilized in the accounting information systems. Organizations need to take an action, which put such systems at the forefront, and consider both the system and the human related factors while managing their accounting information systems. In managing an organization and implementing an internal control system, the role of accounting information system (AIS) is crucial (Asse, 2007, PP. 153-175).

Accounting Information System the three words constitute AIS would be elaborated separately. Firstly, literature documented that *accounting* could be identified into three components, namely information system, "language of business" and source of financial information (Wilkinson,

1993, pp. 40-60). *Secondly, information* is a valuable data processing that provides a basis for making decisions, taking action and fulfilling legal Obligation. Finally, *system* is an integrated entity, where the framework is focused on a set of objectives (Bhatt, 2001, PP. 211-263; Thomas and Kleiner, 1995, PP. 207-239)

2.1.3. The role of AIS in banks

Accounting information allows commercial banks to speculate upon opportunity of attractive business in placements and resource attraction. The role of accounting information in the banking activity is extremely important in the orientation of bank management towards successful strategies (Kabi, 2004, PP.301-354).

By exercising the main functions, consecrated by law, banks generate extremely useful accounting information for both customers and bank management. Users of bank accounting information are internal users (bank clients and shareholders, employees in front office and bank office, bank managers) and external users (client business partners, tax authorities, insurance companies, other banks). Information Technology is vital in banking today, it becomes imperative for banks to realize its impact on operational performance in order to justify capital investments. Information Technology affects the operations of commercial banks in terms of effectiveness, efficiency, competitiveness, customer base and globalization of the bank (Daniela, 2008, pp.99-120).

Information Technology led to increase customer satisfaction, improved operational efficiency, reduced transaction time, better competitive edge, reduced the running cost and ushered in swift response in service delivery and many successful financial institutions have clearly demonstrated that information systems and technologies can be a powerful competitive weapon that can be used to capture market share, improve customer service, reduce operating costs, and create new

products and services (Lederer and Mendelow, 1988, PP.59-86). Chief executive Officers (CEO) and top managers often have an intuitive understanding of the power and potential of IS, thus propelling many companies and institutions to invest large sums of money in IS and IT.

2.1.4. AIS and Decision Making

The making of decision, as everyone knows from personal experience is a burdensome task in most cases indecision is as disastrous as making a wrong one, therefore a plan of action is indispensable. Management is constantly confronted with the problem of alternative decision making especially knowing that resources are relatively scarce and limited. It is therefore pertinent that good accounting information be made available for proper and accurate decision making, maximization of profitability and optimal utilization of scarce resource (Wadia, 1966, PP.229-239).

Managers cannot ignore Information Systems because they play a critical role in contemporary organization. The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and indeed a prerequisite for local and global competitiveness. ICT directly affects how managers decide, how they plan and what products and services are offered in the banking industry. It has continued to Change the way banks and their corporate relationships are organized worldwide and the variety of innovative devices available to enhance the speed and quality of service delivery (Obasan, 2011, PP. 132-150).

Defines accounting information systems as systems that operate functions of data gathering, processing, categorizing and reporting financial events with the aim of providing relevant information for the purpose of scorekeeping, attention directing and decision-making as already noted accounting information is indispensable in the

management activities of any organization. It provides quantitative information about economic entities. The information is primarily financial in nature and intended to be useful in making economic decisions (DeLone & McLean, 1992, pp.58-69).

Accounting information is needed not only by management in directing the affairs of the co-operation but also by shareholders, who require periodic financial statement in order to appraise management performance and it is needed by government for efficient distribution and use of the nation's resources thus; it plays an important role in all economic and social systems. It helps in checking irregularities and misappropriations. Accounting information is the livewire of any organization without which it is likely to remain static or in worse cases die (Fess and Niswonger, 2010, pp. 4).

Accounting information is not only necessary for evaluation of the past and keeping the present on course; it is useful in planning the future of the enterprise. According to (Mbanefo, 1997, PP. 79-91), "this planning we may conventionally call budget/budgeting targets, which give meaning and direction to operations of the organization within a defined period. At the end of the budget period the external results are compared with budgeted performance and discrepancies (variance) are analyzed for purposes of exposing the causes so as to prevent re-occurrence.

The effectiveness of an information system can be described through a number of different perspectives (DeLone and McLean, 1992, PP.200-260). Evaluation of an effective systems can be shown through the output produced as required, increased productivity, improve performance, and increased control over the decision related to the information that is produced by the AIS. Thus, the information generated expected can make the decision making process more effective. The information delivered is easier to interpret and understand, as well as

that the dissemination of information to all functional departments could be improved (Ugboma, 2004, PP.67-93). According to (Kim, 1988, PP.30-69) the assessment of the effectiveness of AIS relies on the use of AIS as perceived by the user regarding the quality of the information produced. The quality of information depends on the reliability, report forms, timeliness and relevance for the decision maker. (Nicolao, 2000, PP.154-178) defined effectiveness of AIS as a decision, the decision system, the management reporting, and the whether the budgeting systems meets their needs in the coordination and the control of tasks.

(Sajady, 2008, PP.235-258) stated that the effectiveness of the AIS depends also on the perception of the decision maker about the usefulness of the information generated by the system. How the information satisfies their needs about the operational processes, managerial reporting, budgeting, and control of the organization. The results of (Sajady, 2008, PP.89-107) indicated that the implementation of AIS will lead to improvements in the process of decision making by managers, internal control and financial reporting quality, and facilitation of the transaction processing companies. Therefore in this study, assessment of the effectiveness of the AIS is based on the user perceptions about the usefulness of the information. Measurements were performed by assessing user's satisfaction for the quality of information, including the form, content, and appearance.

2.1.5. AIS and their effect on Management

Accounting literature argues that strategic success is considered an outcome of Accounting Information Systems (AIS) design (Smith, 1997, PP.39-50). Several, studies have analyzed the role of AIS in strategic management, examining the attributes of AIS under different strategic priorities (Wadia,1966,PP.68-77).It has also been analyzing the effect on performance of the interaction between certain types of strategies and different design of AIS (e.g. different techniques and information).

The appropriate design of AIS supports business strategies in ways that increasing the organizational performance (Chenhall, 2003, PP.78-89). Increasing AIS investment will be the leverage for achieving a stronger, more flexible corporate culture to face persistent changes in the environment. Innovation is the incentive with which a virtuous circle will be put in place, leading to better firm performance and a reduction in the financial and organizational obstacles, while making it possible to access capital markets. AIS are systems used to record the financial transactions of a business or organization. This system combines the methodologies, controls and accounting techniques with the technology of the IT industry to track transactions provide internal reporting data, external reporting data, financial statements, and trend analysis capabilities to affect on organizational performance (Grande, Estebanez and Colomina, 2011, PP.145-179).

In managing an organization and implementing an internal control system the role of accounting information system (AIS) is crucial. An important question in the field of accounting and management decision-making concerns the fit of AIS with organizational requirements for information communication and control (Nicolaou, 2000, PP.70-83). Benefits of accounting information system can be evaluated by its impacts *on* improvement of decision-making process, quality of accounting information, performance evaluation, and internal controls and facilitating company's transactions (Sajady, Dastgir and Nejad, 2008, PP.123-163). Therefore, regarding the above five characteristics, the effectiveness of AIS is highly important for all the organization performance.

Performance management is a quick maturing business discipline. Therefore, performance management has a key role to play in improving the overall value of an organization. Control efficacy of financial

information reliability has affected operating performance (Downes and Barclay, 2008, PP.321).

The main advantages of an optimal use of AIS in an organization are: better adaptation to a changing environment, better management of arm's length 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 firm, mainly with foreign customers accessed through the firm's web (Grande, Estebanez and Colomina, 2011, PP.142-159).

Recently several studies have asserted that AIS plays a proactive role in the strategy management, acting as a mechanism that enables organizational strategy (Chenhall, 2003, PP.34-46; Gerdin and Greve, 2004, PP.97-123). Strategy has been examined using different typologies, such as latter has been extensively used in management literature. In the present study it is assumed that the organizational performance is a function of the financial performance, performance management and the AIS. Fitness will exist in the combination of strategy and AIS that contribute to financial performance (Porter, 1985, PP.756 or Miles and Snow, 1978, PP.71).

Appropriate review between designing of AIS and performance of commercial units by analyzing strategies explains that high performance of commercial units depends on a wide range of accounting information systems, so many studies begun to examine whether organizations systematically vary the AIS design to support their chosen strategy, recognizing that AIS have the potential to facilitate strategy management and enhance organizational performance (Gerdin and Greve, 2004, pp.43-68).

Management compares information about current performance to budgets, forecasts, prior periods, or other bench marks to measure the extent to which goals and objectives are being achieved and to identify unexpected results or unusual conditions that require follow-up. In the same way that managers are primarily responsible for identifying the financial and compliance risks for their operations, they also have line responsibility for designing, implementing and monitoring their internal control system (www.ucop.edu). Internal controls typically center around the company's accounting information system, which is the primary function for moving financial information through a company. Therefore, internal controls help managers to monitor and measure the effectiveness of their accounting operations on performance (Vitez, 2010, pp.86-98).

Accounting systems are often the most important formal sources of information in industrial organizations. They are designed to provide all levels of management with timely and reasonably accurate information to effect on performance management and help them make decisions which are in agreement with their organization's goals performance is one of the most important constructs in management research (Richard, Devinney and Yip, 2008,pp.203-234).

2.2 Empirical Review

By using ANOVA (Analysis of Variance) in 2012; Margaret by using distributing a questionnaire to the sample of employee of 1522 concluded that proper use of Accounting Information helps the management in the making efficient and effective decisions in a business organization (Nnenac, 2012, pp .34-40).

Esters(2009), hare found that there is no difference in the perception of the managers of various department in terms of the benefit of AIS implementation ; (Esters ,2009 , pp. 122-35). By using to statistics test

and P value By using econometrics approach through different test it can be concluded that the effectiveness of the decision making is influenced by the accounting information system. The more extensive use of AIS influences the quality of the decision making. This means that the quality of the AIS will affect the effectiveness of the decision making in the managers' tasks (www.iiste.org)

Peretet, (2011), by using Analysis is found that SMES (small scale industry) which use AIS for their bank and fiscal management there was a significant relationship with the performance indicators based on ROA (return on asset) and ROE (return on equity) SMES which using AIS for bank management have higher profitability than those not using it.

CHAPTER THREE

3. Data presentation and Analysis

3.1 Case Presentation and analysis

Introduction

This chapter deals with the brief description of CBE AIS Contribution in the effective administration of the organization. Data analysis and interpretation is also included in this chapter. The analysis based on data collected from documents of CBE and from primary data collected by questionnaires and by holding interviews with staff at various management levels whose day to day activities are mainly concerned with accounting information system and uses it directly in the management activity so that conclusion could be drawn based on the findings.

Questionnaires were distributed to 20 employees of CBE who have direct work relationship with management completed and submitted the questionnaires. Thus, the methods used to collect the data have enabled to get reliable information about the research.

3.1.1 Quaternaries Analysis

Table 1: Background information of the respondents

1.Educational background	Response	Respondents	
		No	%
	Diploma	3	15
	BA Degree	13	65
	Above BA Degree	4	20
	Total	20	100%
2. How long have you been commercial bank of Ethiopia?	Service year	No	%
	1-2 Year	8	40
	3 Years and above	12	60
	Total	20	100%
3.Current position	Sub- process	No	%
	CATS	3	15
	TS	3	15
	Credit process	3	15
	Position		
	Manager	1	5
	CSM	2	10
	CSO	2	10
	Department		
	IT	3	15
	MIS	3	15
	Total	20	100%

Source, primary data, 2014

The educational background distributions of the respondents show that most of them have educational qualification of BA degree and some of them are above degree holders and diploma.

The sub-process shared by respondents constitutes 15% of CATS, 15% of TS, 10% of credit process and 15% of MIS. From position 5% of manager, 10% of CSM and 10% of CSO. In the department respondents constitute 15% of IT department. This has an advantage to the research in that it is mainly sub-process who involved in the use of AIS in the routine activity of CBE. As far as the distribution of service year of the respondents is concerned, most of the respondents stayed in the organization for 3 years and above and a little less of that also stayed for 1-2 years

Table 2: Respondents answer the question Accounting Information System problem existed in commercial bank of Ethiopia

Q4. Is there Accounting Information System problem existed in commercial bank of Ethiopia?	Response	Respondents	
		No	%
	Yes	5	25
	No	13	65
	Don't know	2	10
	Total	20	100

Source, primary data, 2014

The majority of the respondent does not agree in the AIS problem existed in CBE and 25% of respondent agree in the AIS problem existed in CBE. It shows that some of the respondents believe that there is AIS problem existed in CBE, while most of them agree that there no AIS problem In CBE. So we can say that currently CBE implementing its AIS with a little problem.

Table 3: Respondent's attitude towards the awareness of CBE management about the use and implementation of AIS

Q5. How is the awareness of CBE management about the use and implementation of accounting information system?	Response	Respondents	
		No	%
	Very strong	9	45
	Strong	6	30
	Medium	4	20
	Low	1	5
	No opinion	0	0
	Total	20	100

Source, primary data, 2014

45% of respondents very strongly agree about awareness in AIS usage and implementation. 30% of them strongly aware AIS in usage and implementation and the rest 20% of them have medium awareness of AIS in usage and implementation on the awareness 5% of them have low aware implementation AIS usage and This might be result from the awareness of the respondent is high on the implementation of AIS.

Table 4: Respondents' attitude towards the use of AIS for administrative decisions

Q6. Do you believe that accounting information system is used by CBE effectively for administrative decisions?	Response	Respondents	
		No	%
	Strongly agree	10	50
	Agree	8	40
	Disagree	0	0
	Strongly disagree	0	0
	Don't know	2	10
	Total	20	100%
Q7. How helpful has AIS to your business in administrative decision?	Very much helpful	16	80
	Helpful	4	20
	Not helpful	0	0
	No opinion	0	0
	Total	20	100%

Source, primary data, 2014

As it can be seen from the table, 50% of the respondents strongly agree on the use of AIS for effective administrative decisions and 40% of them simply agree. When we come to the extent of helpfulness 80% of the respondents replied that AIS is very much helpful for administrative decisions and operational decision to their business and the rest 20% of them agree on the helpfulness slightly. So this shows that AIS has great role in administrative decisions.

Table 5: Respondents opinion about the effect of AIS on the quality of decisions of their organization

Q8. In your opinion, how do you evaluate the effect of accounting information system on the quality of decision of your organization?	Questions	Respondents	
		No	%
	Increases the Quality	18	90
	Decreases the quality	0	0
	No change in its quality	2	10
	Not sure	0	0
	Total	20	100

Source, primary data, 2014

The majority of the respondents, to the extent of 90% confirmed that AIS increased the quality of decision and 10% of the respondents replied that no change in its quality. This indicates that AIS has big role increasing the quality of decision. But it differs in its performance of AIS; if there is good AIS system there is good quality of decision and vice versa.

Table 6: Respondents answer for question regarding the contribution of AIS for the attainment of their organization objectives.

Q9: Does accounting information system contribute for the attainment of your organization objectives?	Responses	Respondents	
		No	%
	Yes	20	100
	No	0	0
	Don't know	0	0
	Total	20	100

Source, primary data, 2014

All of the respondents confirm that the contribution of AIS for attainment of organization objectives. Therefore we may say, AIS is one of essential component of organizations in order to achieve organizational objectives.

Table 7: Respondents attitude towards the role of AIS in CBE administration

Q10. What is the role of accounting information system in CBE administration?	Responses	Respondents	
		No	%
	Improved decision making	1	5
	Improved management reporting	1	5
	In sharing of knowledge	1	5
	Improved transactions processing	1	5
	Improved decision making and efficiency	1	5
	Improved decision making, management reporting and transactions processing	1	5
	In all	14	70
	Total	20	100%

Source, primary data, 2014

As the table depicts, 70% of the respondents said that the role of AIS in the CBE administration is in all aspect such as in decision making, management reporting, sharing knowledge, efficiency and transaction processing. So that we can perceive from this, AIS have a big role in administration of one organization.

Table 8: Respondents attitude towards the existence of knowledge gap between different levels of management is CBE.

Q11. Does knowledge gap exist between different levels of management is CBE?	Responses	Respondents	
		No	%
	Yes	11	55
	No	3	15
	Don't know	6	30
	Total	20	100

Source, primary data, 2014

The majority of the respondents confirm that there is knowledge gap between different levels of management and 15% of the respondents do not agree in the existence. Therefore it shows a knowledge gap existence between different levels of management of the organization.

Table 9: Respondent's attitude towards the standard services provided by AIS and its contribution in the administration

Q12. How do you rate the standard services provided by AIS over the past years?	Responses	Respondents	
		No	%
	Have improved	10	50
	Have improved a little	6	30
	Have deteriorated	1	5
	Have not changed	0	0
	Do not know	3	15
	Total	20	100%

Source, primary data, 2014

50% of the respondents know the standard services provided by accounting information system have shown improvement and 30% of the respondents understand that the contribution made by AIS over the last years have little improved. From the above table 9 the roles of AIS in

providing the standard services are showing improvement from time to time. As assistance of AIS in decision making is now widely spread, it also helps the management of CBE in order to increase income, efficiency effectiveness and enabling frequent data processing for its decision making strategy.

Table 10: Respondents answer for questions regarding strategic positions and AIS helpfulness in achieving this position

Q13. What strategy positions is CBE Bank Pursuing?	Responses	Respondents	
		No	%
	Variety based	14	70
	A need based	6	30
	An access based	0	0
	Total	20	100%
Q14. How helpful has accounting information system to achieve this position?	Very much helpful	15	75
	Helpful	3	15
	Not helpful	0	0
	No opinion	2	10
	Total	20	100%

Source, primary data, 2014

From the above table10, 70% of the respondents said that the organizations management is pursuing a variety based strategic position and 30% answered that the management of CBE is following a need based. As it can be observed the majority of the respondents replied the management of CBE is pursuing a variety based strategic position. A variety based strategic position involves producing subsets of the industry's products or services. Here it should be beard in mind that CBE is offering multi-channel banking that is, providing via an ATM,(Automated teller machine) From the second question table -10,

above 75% of the respondents replied that the AIS play an essential role in helping for achievement of the strategic position. So that AIS is crucial for the achievement of strategic position of an organization.

Table 11: Respondent opinion about the problem AIS in CBE.

Q15, if there is a problem, what is AIS problem existed in CBE?	Responses	Respondents	
		No	%
	Delay in process	0	0
	Data redundancy	0	0
	Delay in communication	2	40
	Inconsistency	0	0
	Misunderstand	3	60
	Total	5	100

Source, primary data, 2014

The majority of the respondent confirms that there is misunderstanding by using AIS and 40% the problem exist by delay in communication.

Therefore it shows the problems existed by misunderstanding.

Table 12: Respondent answers for questions problem existed implementing AIS in CBE.

Q16.Is there any problem existed in implementing accounting information system in CBE?	Reponses	Respondents	
		No	%
	Yes	1	16.67
	No	5	83.33
	Don't know	0	0
	Total	6	100

Source, primary data, 2014

The majority of respondent there is no problem exist in implementing accounting information system in CBE and 16.67% the problem existed

implementing accounting information system. Therefore, it shows that a little problem exist in implementing accounting information system in CBE.

3.1.2 Analysis of Interview

In order to aid the research, the information was gathered by the way of interview from CBE staff. The following conclusions are essential points that gathered through the interview

1. The Component parts of CBE AIS. The main component parts of CBE AIS is flexible software under this software we can find CSO(where cheeks and deposits are withdrawn) accounts report, accounts checking and accounts audit. There are benefits of flexible software such as:
 - Sustain growth and ensure continuous improvement
 - Achieve a rapid return on investment, usability and ownership
 - Reduce the cost and time of implementation with reusable methodologies, standards, and best practices
2. The main inputs of AIS CBE is transactions such as: Foreign transactions, ATM transactions, purchase, Deposit, withdrawals, Salary payment, Maintenance, Closing entry
3. Working integrated using AIS. In the CBE all related departments work integrated using one IT server which every organization information settled and also all departments are networked with IT, so the possibility for misunderstanding is less.

CHAPTER FOUR

4. Summary, Conclusion and Recommendation

From the research finding carried and from the respondents answer and data analyses from chapter three the following summary of finding, conclusions and recommendation are forwarded by taking the objective of the research under consideration.

4.1 Summary of Finding

Based on the analysis and discussion made in chapter three the following summary can be drawn;

- Most of the respondents agree that there is a little AIS problem existed in CBE.
- Above 75% of respondents towards use and implementation of AIS in CBE is high.
- 90% of the respondent believes that AIS used by CBE is effectively utilized for administrative decisions.
- Most of the respondents are aware of AIS have a power to enhance quality decisions making to management of CBE.
- Regarding the contribution of AIS to the attainment of organizational goals and objectives the answer of all the respondents is unanimous.
- 70% of the respondents said that the role of AIS in the CBE administration is in all aspect such as in decision making, management reporting, sharing knowledge, efficiency and transaction processing.
- Only 15% of the respondent do not agrees the existence of knowledge gap between different levels of management.

- For the standard service provided by AIS and its role in the administration on previous years, 50% of the respondents agree that it has improved over the past years.
- Majority of respondents replied that AIS is helpful for securing variety based strategic positions in CBE.
- The opinion of respondents on the AIS problem show that 75% agree that there is no AIS problem in CBE and the rest of them agreed a problem existed because of misunderstanding and delay in communication.
- Majority of the respondents agreed there is no AIS problem in implementation.

4.2 Conclusions

- AIS have one of essential component of organization in order to achieve organizational objective, in our case commercial bank of Ethiopia use AIS effectively to meet its objectives.
- In our case, there is knowledge gap on the use of AIS between different levels of management.
- The quality of decision in organizations is highly affected by AIS which in turn affect the administration. In our case, AIS increased the quality of decision.
- Regarding the roles of accounting information system in providing the standard serves are showing improvement from time to time.
- AIS have great role in administration decision. In our case, AIS is helpful for administrative and operational decision.
- Regarding to accounting information system problem existed in commercial bank of Ethiopia. In our case there is problem existed by misunderstanding about the system.
- Accounting information system is crucial for the achievement of strategic position of an organization.

- About Commercial bank of Ethiopia profit is increase, this probably results from effective administration decision.

4.2 Recommendations

Based on the findings, in order to avoid or possibly reduce the problem existing in accounting information system and its impact on administration some recommendation can be suggested like;

- CBE should check the information disperse in the company in order to minimize the knowledge gap.
- To increase the awareness of the management about AIS, CBE should provide training and technical support.
- In order to provide good quality of decision CBE should increase the performance of AIS. For example by introducing latest AIS software.
- CBE should update and revise its AIS in order to be competitive in the sector.

References

- Chenhall, R.H. 2003. Management Control Systems (4th edition).
New Delhi, India
- Downes, A., & Barclay, N. (2008). The Role of Performance Management in Organizations. John Wiley & Sons Inc. New York, U.S.A
- Ellouadi, M. (1998) "The relationship among organization structure, information technology and information processing in small Canadian firms" Journal of Administrative Science. Canadian
- Elena U, Raquel Clara M (2011). "The impact of Accounting Information Systems (AIS) on performance measures: empirical evidence SMEs". The International Journal of Digital Accounting Research. Spanish
- Fess and Niswonger, (2010). Management Control Systems. Ptice Jacob publishing house Pvt.Ltd. New Delhi, India.
- GeLinas, Jr, (2008) Accounting Information System. (2th edition), Practice Hall, Inc, upper saddle river. New Jersey
- Gerdin, J., Greve, J. (2004). Accounting Organizations and Society. (6th edition). New Delhi, India.
- Kabi, A.S (2004). The Role of the Accounting Information in Improving the Administrative Performance in the Commercial Banks in UAE. Yarmouk University, Irbid, Jordan.
- Margaret.N (2012). The use of AIS as an aid to Management in Decision making. Prentice-Hall .New -Jersey.
- Miles, R.E., & C.C. Snow 1978. Organization Strategy, Structure and Process. Mc Graw-Hill, New York.
- Okoli Margaret Nnenac. (2012). the use of AIS as an aid to Management. (7th edition). New Delhi: pvt.Ltd.
- Osmond Vitez, (2010). Accounting Organizations and Society. (7th Edition). Thomson South-Western, ICC Macmillan, Inc.

- Pierre J. Richard, Timothy M. Devinney and George S. Yip. 2008. AIS and their effect on Management.(2nd Edition). John Wiley & Sons Inc. New York, U.S, A
- Plunkett: 1986.The role of Accounting Information System (6th edition). McGraw Hill Inc. New York, U.S.A
- Porter, M.E. 1985.Competitive Advantage: Creating and Sustaining Superior Performance. The Free Press, New York.
- Scott Foreman, and Co. Dalles. (1989).The Nature and scope of Management. (6th edition).New York: McGraw Hill Inc.
- Thomas,V., and Kleiner, B. H. (1995).New Developments in Computer software,Industrial Management & Data Systems. Yarmouk University, Jordan.
- Ugboma, E.(2004).Essential Guidelines for Information Systems Databases Proceeding (6th edition).New Jersey,U.S.A.
- Vende Ven A.H.; Drazin, R. (1985). The Concept of fit in Contingency theory Resources Organizational Behaviour (8th edition). Vikas Pvt Ltd. Inc.New Delhi, India.
- Wadia, Manecki S. (1966). The Nature and Scope of Management (2nd edition).North Aritona university.
- Wilkinson,J.W.(1993).Accounting Information Systems(2nd edition). John Wiley & Sons Inc. New York,U.S.A
- Esters (2009). Journal of Enterprises Information Management, pp. 122-35). <http://www.iiste.org>. Accessed on 6/2/2014
- Osmond Vitez, (2010). Accounting Organizations and Society pp86-98).<http://www.ucop.edu>. Accessed on 6/2/2014

Annex 1
ST.MARY'S UNIVERSITY
DEPARTMENT OF ACCOUNTING

QUESTIONNAIRE FOR MANAGERS AND EMPLOYEES OF CBE.

The purpose of this questionnaire is exclusively for academic purpose which is intended to obtain relevant information for Accounting information system and its impact on administration. The findings of this study shall greatly depend on your cooperation for which we are grateful in advance. To achieve this you are kindly requested to cooperate by giving responses for the following questions. Please put a tick mark (P) on the box of your choice and fill the blank spaces where applicable.

Questionnaire

1. Educational backgrounds

- Diploma BA degree
MA degree Other, please specify

2. How long have you been Commercial Bank of Ethiopia?

- 1-2 years 3 years and above

3. Current positions.....

4. Is there accounting information system problem existed in Commercial Bank of Ethiopia?

- Yes No I don't know

5. How is the awareness of Commercial Bank of Ethiopia management about the use and implementation of accounting information system?

- Very strong Strong Medium

Low No opinion

6. Do you believe that accounting information system is used by Commercial Bank of Ethiopia effectively for administrative decisions?

Strongly agree agree disagree

Strongly disagree don't know

7. How helpful has accounting information system to your departments in administrative decisions?

Very much helpful helpful

not helpful No opinion

8. In your opinion, how do you evaluate the effect of Accounting Information System on the quality of decision of your organization?

Increased the quality not change its quality

Decreased the quality not sure

9. Dose accounting information systems contribute for the attainment of your organization objectives?

Yes No don't know

10. What is the role of accounting information system in Commercial Bank of Ethiopia administration?

Improved decision making improved efficiency

Improved management reporting improved transaction Processing

In sharing of knowledge in all the above

Other, please specify

11. Dose knowledge gap exist between deferent levels of management in Commercial Bank of Ethiopia?

Yes No don't know

12. How do you rate the standard service provided by accounting information system over the past years

Have improved Have improved a little

Have not changed Have deteriorated

Do not know

13. What strategic position in Commercial Bank of Ethiopia pursuing?

A variety based A need based

An access based

14. How helpful has Accounting Information System to achieve this position?

Very much helpful helpful

Not helpful no opinion

15. If there is a problem, what is accounting information system problems existed in Commercial Bank of Ethiopia?

Delay in process Delay in communication

Misunderstanding Data redundancy

Inconsistency other, please specify

16. is there any problem existed in implementing accounting information system in Commercial Bank of Ethiopia?

Yes

No I don't know

17. If you have any other comment.....

Annex 2

Interview

1 What are the component parts of CBE Accounting Information system?

2 Did Accounting information system help strength your business skills in the last years? Yes/NO

3 Are all related department of the organization work integrated using Accounting Information System?

4 what benefit you get from the use of AIS? In case of record keeping, decision making and performance evaluation etc?

5 Has AIS been a source of conflict during the last years? Yes/NO if yes explain.

6 Did AIS help your organization in achieving its goals? Yes/No

7 Did AIS help your organization for administrative decision? Yes/No if yes in what way

8 Has AIS been a source of new anxieties during the last years? Yes/No

9 Does in general AIS have effect or impact on the management or administration of your organization? If yes, please describe.

10 If you have any other comment?

