

Role of Analytics and Accounting Information Systems in Profitability

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Abstract

The use of accounting information systems by small businesses has resulted in time savings, as well as increased reliability and security due to the availability of backups. This has allowed for the recognition of profits in both the short and long term, ensuring the continued operation of the business. However, small businesses often neglect profitability ratios, such as returns on product sales or profit margins, due to a lack of technical knowledge. Additionally, they struggle with performance comparisons and assessing their competitiveness with other companies. Standard costing methods and financial order inventory models have also been found to be ineffective for small businesses. Policy and government decision makers will need to devise policies and regulations that will facilitate the introduction of these devices into the corporate environment. This type of policy could include tax exemptions or even tax relief for devices used in these ways.

Keywords

Accounting Information Systems, Small Businesses, Profitable Enterprises

Introduction

The company's performance has grown on this track record over the last few years, and the world is measured primarily in terms of profitability¹. Small companies often struggle to raise sufficient funds to list their businesses on the stock exchange market. Many operate outside of federal regulations, making it difficult to track their legal operations. A study found that small businesses struggle to determine the cost of their products and often rely on customer feedback and market forces to set prices, which impacts their profitability. The lack of accounting information systems in small businesses leads to poor performance and a failure to keep proper records, resulting in many businesses ultimately closing down. Small businesses must ensure that they have proper documentation to prevent data loss and ensure safety and reliability. Without an AIS system, it can be difficult to predict changes in demand or customer

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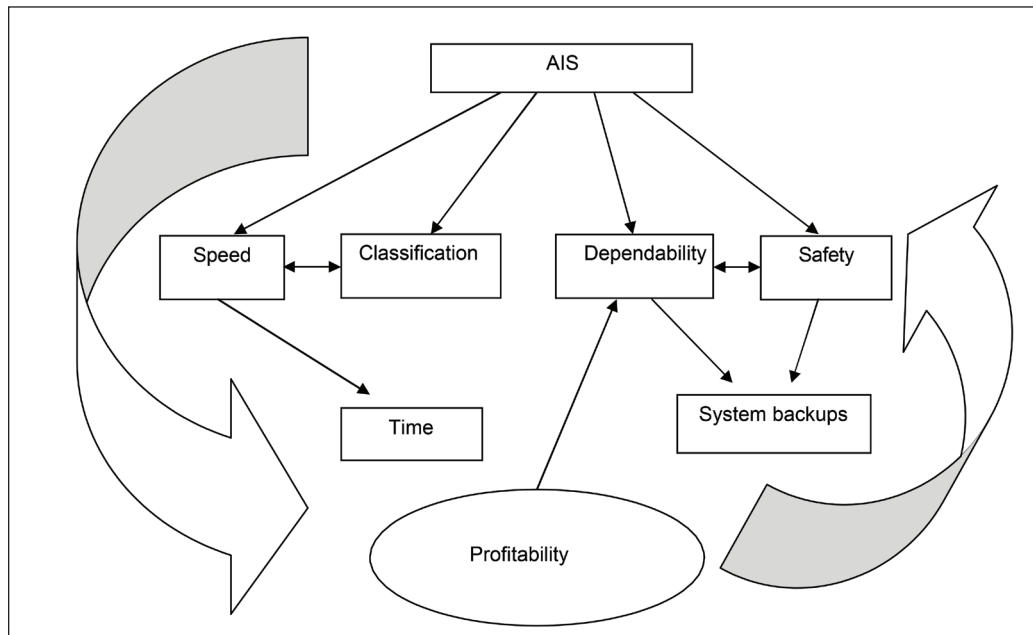
behavior, which can impact business decisions². Small businesses may struggle to use decision-oriented systems to make informed choices, such as using "what if" methods to handle large volumes of work efficiently. By understanding changes in demand, businesses can diversify or shift to alternative companies to increase profits.

Small businesses need to adopt strategies that increase product sales and generate profits to avoid losses that may arise from numerous customer orders. According to sources, to minimize inventory costs, small businesses should utilize inventory management methods such as "first in first out" (FIFO), "last in first out" (LIFO), and weighted averages. FIFO means that the products that come in first should also be the first to be sold or used, while LIFO means that the products that come in last should be sold first. Weighted averages refer to the average cost of goods for a specific period³. Small businesses that fail to implement these methods risk experiencing losses instead of profits. Unfortunately, many small businesses do not follow these strategies, leading to losses in their operations. Enterprises have transactional and accounting distribution systems that generate information to better evaluate accounting information and performance products⁴. The accounting information structure is about the complete set of business parts, including the complete entry, reporting, and collection of financial transaction information.

Literature Review

Business transactions can be categorized mainly into the following types: H. There are external transactions that occur through exchanges with the outside, such as buying and selling products, and internal transactions that occur through the accumulation of price information and allocation of production costs. A more precise definition of this area, "cost" can be described as: A prize is a means sacrificed or omitted to achieve a particular end. This means that the price is spent on the acquisition of services and goods. The result of price settlement becomes price information, which is useful not only for profit evaluation of products and services, but also for execution of the next program, stock evaluation and profit measurement⁹. Profitability is the ability to consistently generate profit over a long period of time⁵⁻⁷. The prize itself usually means different things to different people. The concept of profit is perceived differently by businessmen and economists, tax officials, accountants and women. Public utilities are often viewed as benefits accruing to shareholders⁸. For common men, the word "sales" refers to all earnings passed on to investors. To an accountant, income represents income in excess of income earned from calculating other expenses and manufacturing, especially operating expenses. For these practical purposes, income is the company's turnover, which accountants feel is consumed⁶. However, because accounting data structures provide the basis for business transactions with employees, customers, and suppliers, it is difficult to predict how the growing demand for accounting data products will affect the profitability of small businesses. There is certainty. Internet business products and products require accounting information processing⁵.

Assistance with services, requested payments and remittances. Many issues need to be addressed due to the simple fact that most businesses do not incorporate the use of better accounting information systems into their day-to-day transactions. This particular study is therefore concerned with the impact of accounting information systems on the quality of profitability of SMEs. II. methodology These include information gathering, information energy sources, information processing, and information processing. Data analysis, limitations experienced by researchers. The study is mainly based on perusal of documents such as company records, newspapers, magazines, textbooks, internet, annual reports, magazines, etc., designed to enable researchers to obtain a descriptive and analytical research layout. it was done. This



Profitability *Figure 1. AIS research model

information has been prepared with reference to the currently available literature and was surveyed to compare and contrast different views of different authors and to find gaps in the available literature. III. result a Survey Results on the Use of Accounting Information Systems in SMEs Survey results suggest that many SMEs do not utilize accounting information systems in their operations, and that their success in collecting corporate data has led to lower performance figures^{8, [twenty two]]}. In addition, issues such as changes in customer attitudes and fluctuations in demand for particular services and products may not be readily predictable and may not be subject to management influence^{7,9]}. We also found it very difficult for small businesses to predict how to approach detail in a decision-oriented format. This helps you make corrective business decisions, such as using the "what if" method that Lotus 1-2 uses. . 3, resulting in rapid and efficient completion of labour, assisting in the management of heavy labor³.

Methodology

This product demonstrated that an Accounting Information System (AIS) can have a direct impact on the quality of earnings for small businesses by speeding up information processing. Information is quickly categorized in a more comprehensive and stylish way, saving you time. Also note that systems usually have backups that can be recalled whenever the information is needed, making it much more reliable and secure⁹. In addition, if small and medium-sized enterprises utilize accounting information systems, they will be able to record profits in both the long-term and short-term of their business operations and continue to do so. Based on the results, it was found that standard costing methods, financial backlog methods, etc. do not work for SMEs¹⁰. B. Insights into Small Business Profitability Levels Research shows that profitability is the only viable way for companies to recoup their earned money. It is calculated

based on the market share achieved over a period of time. In this way, you can use the results of profitability indicators such as profit margin or profit margin, which are used by online businesses to determine the percentage of profit to profit. Small businesses ignore these profitability indicators entirely due to their superior technical expertise⁸. Additionally, SMEs found it difficult to benchmark against other companies to assess the competitiveness of their [six companies]. The results also show that micro-enterprises are unable to raise the funds and capital they need to list themselves or their companies on the stock exchange. Many small businesses are not subject to federal procedures. Because they are anonymous, it is difficult to track their legal activity on the⁹, company's platform. C. Insights into the relationship between accounting information systems and small business profitability The results demonstrate the difficulty in obtaining data on the cost of goods for all cash payments made by SMEs. In addition, it has been pointed out that most companies' payments are not normally recorded, and that preparations are made based on customer reactions, product attitudes, and market trends, which determine the amount of profit¹⁰.

Discussion

It was found that micro enterprises did not introduce accounting information systems into their businesses and their business performance was poor due to poor record keeping of business information. Almost all small businesses eventually find that their business is not doing well and go out of business due to lack of proper corporate records. Company information files are safe and reliable if the proper documentation is backed up in case of data loss. This is not the case for small businesses. Smaller companies have no records, and sketches cannot be properly documented for future use⁴⁻⁷. Furthermore, if AIS is not taken into account, issues such as fluctuations in demand or changes in customer attitudes toward particular products or services may not be readily predictable and may not be easily influenced by management. Knowing changes in demand can help a company's employees build value into and diversify their services and products, or even switch completely to another company and gain more. Moreover, it is very difficult for small businesses to predict a system that approximates details in a decision-oriented fashion that could aid in making corrective business decisions. For example, the Lotus 1-2-3-powered "what if" method allows labor to be completed quickly and efficiently, and can also help manage high volume labor⁸. The purpose of this product was to determine active customer due dates to avoid potential business loss caused by countless customer orders. For small businesses, it is important to adopt ways to promote product sales and generate revenue. Based on¹⁰, to reduce inventory costs, SMEs should utilize inventory management methods such as first-in, first-out (FIFO) and last-in, first-out (weighted average and LIFO). First-in-first-out (FIFO) means that you should either use what is also available in the original version or use it first. Last in, first out (LIFO), on the other hand, means that the last to occur should be weighted and delivered. The average will be the typical price item for a given period⁵. These techniques are essential for small businesses as they help managers avoid losses and make more profits. Unfortunately, not all are like that. SMEs do not use or adhere to these techniques, resulting in losses for many SMEs in the region⁹. Profitability indicators such as product yield, return on investment, and equity capital are completely ignored in micro enterprises due to lack of expertise. These ratios constitute the true value of a company and also help determine profit, which guides businessmen to know if a company is progressing¹⁰. Additionally, SMEs find it difficult to benchmark against others to assess their competitiveness. For example, it is difficult to compare the percentage of progress in the first year of business and in the fifth or fourth fiscal year to get an accurate picture of a company's performance. This is because the information system is not used⁹.

The survey results also show that SMEs are unable to raise the funds and capital they need to list their companies or companies on stock exchanges. The key numbers accurately represent the size of the company. We also provide information on stock ratios reported in the financial media. This helps identify differences in earnings per share and helps determine the amount of dividends a company can issue to stockholders⁶⁻⁹. Product cost information for all cash payments made by small businesses has proven difficult. The exact same note usually does not record transaction payments. Small businesses should start keeping records of their services and products to determine their performance¹¹.

Conclusion

The proportions of specialized knowledge are what give a business its true value and help determine its earnings, which in turn allow business owners to gauge whether or not the company is progressing. However, small-scale businesses often struggle to compare their performance with that of other companies, making it difficult to assess their competitiveness. This is because they lack information systems. Research has also shown that small businesses have difficulty obtaining the necessary funds to list on the stock exchange market. Proportions provide an accurate representation of a company's size and offer information about share ratios reported in the financial media.

The article discusses the importance of accounting information systems for small businesses. The system helps in managing and making decisions for the business, but it has been noted that small businesses often do not record cash disbursements or keep records of their products or services. The author emphasizes that accounting information systems play a crucial role in our social and economic system and that all business managers should utilize it properly for the effective management of their businesses. The research findings indicate that many small-scale businesses do not currently use accounting information systems.

To make progress in business management, companies need to adopt certain systems. It is important that companies that have implemented these systems should train their staff on how to use them effectively, especially computerized systems. The government should also create policies and guidelines that will help small businesses implement these systems. These policies could include tax waivers or reductions on equipment used in these systems. Policy makers should be given information that will help them evaluate the relationship between accounting information systems and the profitability of small businesses. Business organizations should also use other measures of profitability, such as cost-profit volume analysis, which is more user-friendly and adaptable for small businesses.

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