

**QUALITY OF INFORMATION AS A STRATEGIC FACTOR IN AIS TOWARDS
BETTER ORGANIZATIONAL PERFORMANCE: A FIELD STUDY OF IRAQ**

MOHAMMED SAMI NOORI

UNIVERSITI UTARA MALAYSIA

2010

**QUALITY OF INFORMATION AS A STRATEGIC FACTOR IN AIS TOWARDS
BETTER ORGANIZATIONAL PERFORMANCE: A FIELD STUDY OF IRAQ**

**A thesis submitted to the College of Business in partial fulfillment of the
requirements for the degree of Master of Business Administration (Accounting)**

Universiti Utara Malaysia

BY:

MOHAMMED SAMI NOORI



KOLEJ PERNIAGAAN
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK
(*Certification of Project Paper*)

Saya, mengaku bertandatangan, memperakukan bahawa
MOHAMMED SAMI NOORI ZIYAD AL BAYATI (801490)

Calon untuk Ijazah Sarjana
(Candidate for the degree of) **MASTER OF BUSINESS ADMINISTRATION (ACCOUNTING)**

telah mengemukakan kertas projek yang bertajuk
(has presented his/her project paper of the following title)

**QUALITY OF INFORMATION AS A STRATEGIC FACTOR IN AIS TOWARDS BETTER
ORGANIZATIONAL PERFORMANCE: A FIELD STUDY OF IRAQ**

Seperti yang tercatat di muka surat tajuk dan kulit kertas projek
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **DR. HAIM HILMAN BIN ABDULLAH**
(Name of Supervisor)

Tandatangan : 

Tarikh : **14 OCTOBER 2010**
(Date)

PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Assistant Vice Chancellor of the College of Business where I did my thesis. It is understood that any copying or publication or use of this thesis or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia (UUM) in any scholarly use which may be made of any material in my thesis.

Request for permission to copy or to make other use of materials in this thesis in whole or in part should be addressed to:

Dean

Research and Innovation

College of Business

Universiti Utara Malaysia (UUM)

06010 Sintok

Kedah Darul Aman

DISCLAIMER

The author is responsible for the accuracy of all opinion, technical comment, factual report, data, figures, illustrations and photographs in this dissertation. The author bears full responsibility for the checking whether material submitted is subject to copyright or ownership right. Universiti Utara Malaysia (UUM) does not accept any liability for the accuracy of such comment, report and other technical and factual information and the copyright or ownership rights claims

The author declares that this dissertation is original and his own except those literatures, quotations, explanations and summarizations which are duly identified and recognized. The author hereby granted the copyright of this dissertation to College of Business, Universiti Utara Malaysia (UUM) for publishing if necessary.

Date:

Student Signature: _____

ABSTRACT

The aim of this study is to examine the information quality on the performance of Iraqi companies. This study was done among 70 managers. Data were gathered through questionnaires and was being analyzed by using Statistical Package for Social Science (SPSS) version 16. Throughout the statistical analysis – correlation analysis, it is found that there is a significant positive relationship between the independent variable namely Information Quality with the dependent variable – Organizational Performance.

ACKNOWLEDGEMENT

First, I would like to thank Allah Almighty for his wide generosity and aid for me to complete this study successfully. Then, I would like to express my appreciation to Him, who has granted me the strength and ability to complete this study.

I would like to extend my gratitude to my project supervisor, Dr. Haim Hilman Bin Abdullah who has been very supportive and encouraging in guiding me to complete this research paper. His professional advice given throughout the completion of this research will not be forgotten.

I am also grateful for the encouragement that I received from my family for the unconditional love in supporting my quest for knowledge has been extraordinary.

The journey in completion of this thesis is not lonely at all with the support from my dearest friends – Abdul-Alem, Waleed, Hamdan, and Muhsen who have shown me their support and assistance in the accomplishment of this educational endeavor.

Not forgetting all dearest lecturers throughout my master study who has shared their knowledge throughout these 41 months of my study in UUM. I am sure that I could not have arrived at this stage without them.

Lastly, I would like to present my humble appreciation and gratefulness to all the people who made this journey possible. I am in debt to those who knowingly and unknowingly.

Thank you

Mohammed Sami Noori
College of Business
University Utara Malaysia

TABLE OF CONTENTS

PERMISSION TO USE	i
DISCLAIMER	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Research Problem	3
1.3 Research Questions	5
1.4 Research Objectives	5
1.5 Limitations	5
1.6 Structure of Thesis	6
CHAPTER TWO: LITERATURE REVIEW	7
2.1 Introduction	7
2.2 Accounting Information System	8
2.2.1 Types of Information Systems	10
2.3 Information Quality	11

2.3.1 The Quality Construct	13
2.3.2 Quality of Information in AIS	15
2.3.3 The Benefits of Information Disclosure	17
2.4 Organizational Performance	19
CHAPTER THREE: RESEARCH METHODOLOGY AND FRAMEWORK	21
3.1 Research Design	21
3.2 Theoretical Framework	21
3.3 Construct Measurement	24
3.4 Sample and Data collection	26
3.5 Hypotheses	28
CHAPTER FOUR: DATA ANALYSIS AND RESEARCH FINDINGS	29
4.1 Introduction	29
4.2 Profile of the Respondents	30
4.3 Profile of the Companies	31
4.4 Instrument validation	35
4.5 Reliability Analysis	35
4.6 Descriptive Analysis	36
4.7 Major Findings	39
4.7.1 Correlations among Variables	39
4.7.2 Regression Analysis	45

CHAPTER FIVE: DISCUSSIONS, RECOMMENDATION AND CONCLUSION	49
5.1 Introduction	49
5.2 Discussion	49
5.3 Recommendations	50
5.4 Conclusion	51
REFERENCES	52

LIST OF TABLES

Table 4.1	Study Participants	31
Table 4.2	Participating Firms	32
Table 4.3	Reliability Analysis	36
Table 4.4	Descriptive Statistics of the Dependent and Independent Variables	36
Table 4.5	Descriptive Statistics of the Dependent variable and Independent Variable Items	37
Table 4.6	Inter Correlation among Factors	41
Table 4.7	Results of Regression Analysis	45
Table 4.8	Results of Regression Analysis for IV Items	47

LIST OF FIGURES

Figure 2.1	Business Information Flows	18
Figure 2.2	Conceptual Framework	24
Figure 4.1	Number of Companies Related to Their Employees' Size	33
Figure 4.2	AIS's Type in Participants' Companies	34
Figure 4.3	Positioning of the Companies	34

APPENDICES

Appendix A questionnaire	57
Appendix B SPSS Output	61

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

A successful organization not only makes decisions, but should implement the right ones.

A decision is concerned with the selection of an alternative among a number of alternatives. In order to select the best one, decision-makers need some guidance, which is partially supported by information gathered by management accounting. There is no debate that information technology becomes a crucial factor for organizations in performing well and achieving their goals for survival objective. Rapid environmental changes represent a barrier in front of organizations for getting the information they need in order to accomplish the strategic objectives. Furthermore, these changes have created obstacles in front of the organization to achieve its planned strategies. However, computerized information systems could be considered as strategic weapons to sustain the objectives and strategies of organizations (Salehi et al., 2010). Moreover, computerized IS and lateral relations are better choices in high uncertainty situations (Gattiker and Goodhue, 2004). Management accounting, as the back end of an organization, is required to produce and provide relative, reliable and accurate information in order to ensure effective and objective decisions. Thus, information is crucial for treating the environmental uncertainty in the organization and assists to achieve the strategic objectives of the organization.

The contents of
the thesis is for
internal user
only

REFERENCES:

Abernethy, M. A., & Guthrie, C. H. (1994). An empirical assessment of the "Fit" between strategy and management information system design. *Accounting and Finance*, 34(2), 49-66.

Bhatt, G. D. (2001). Knowledge management in organisations: examining the interaction between technologies, techniques, and people. *Journal of Knowledge Management*, 5(1), 68-75.

Bibuljica, H. (2009). *Control and Maintenance Accounting of Information Systems*. Paper presented at the The First Online International Conference on "World's Economies In and After Crisis: Challenges, Threats and Opportunities".

Birkett, W. P. (1986). Professional Specialization in Accounting IV: Management Accounting. *Australian Accountant*, 78.

Boockholdt, J. (1999). *Accounting Information Systems Transaction Processing and Control*: The Mac-Graw-Hill companies.

Boritz, J. E. (2005). IS practitioners' views on core concepts of information integration. *International Journal of Accounting Information Systems*, 6, 260-279.

Borthick, A. F., Bowen, P. L., Liew, S., & Rohde, F. H. (2001). The effects of normalization on query developer query errors: an experimental evaluation. *International Journal of Accounting Information Systems*, 2(4), 195-223.

Bouwens, J., & Abernethy, M. A. (2000). The consequences of customization on management accounting systems design. *Accounting, Organizations and Society*, 25(3), 221-259.

Bowen, P. L., Rohde, F. H., & Wu, C. Y. A. (2004). Imperfect communication between information requestors and information providers: the effects of syntactic and extraneous ambiguity. *International Journal of Accounting Information Systems*, 5, 371– 394.

Brynjolfsson, E., & Hitt, L. (1996). Paradox Lost? Firm-Level Evidence on the Returns to Information Systems Spending. *Management Science*, 42(4), 541-558.

Chong, V. K., & Eggleton, I. R. C. (2007). The impact of reliance on incentive-based compensation schemes, information asymmetry and organisational commitment on managerial performance. *Management Accounting Research*, 18, 312-342.

Daft, R. L., & Lengel, R. H. (1986). Organizational information requirements, media richness and structural design. *Management Science*, 32, 554–571.

Daft, R. L., & Weick, K. E. (1984). Toward a Model of Organizations as Interpretation Systems. *Academy of Management Review*, 9, 284-295.

Delone, W. H., & McLean, E. R. (1992). Information systems success: the quest for the dependent variable. *Information Systems Research*, 60–95.

Doll, M. J., Xia, W., & Torkzadeh, G. (1994). A confirmatory factor analysis of the end-user computing satisfaction instrument. *MIS Quarterly*, 18, 453–461.

Dyt, R., & Halabi, A. K. (2007). Empirical Evidence Examining the Accounting Information Systems and Accounting Reports of Small and Micro Business in Australia. *Small Enterprise Research*, 15(2), 1-9.

FAIRBANK, J. F., LABIANCA, G. J., STEENSMA, H. K., & METTERS, R. (2006). Information Processing Design Choices, Strategy, and Risk Management Performance. *Journal of Management Information Systems*, 23(1), 293-319.

Feigenbaum, A. V. (1991). Total Quality Control (4 ed.). New York: McGraw-Hill.

Galbraith, J. R. (1974). Organization Design: An Information Processing view. *INTERFACES*, 4(3), 28-36.

Gattiker, T. F., & Goodhue, D. L. (2004). Understanding the local-level costs and benefits of ERP through organizational information processing theory. *Information & Management*, 41, 431–443.

George, D., & Mallory, P. (2003). *SPSS for windows step by step: A simple guide and reference 11.0*. Boston: Allyn and Bacon.

Gerdin, J., & Greve, J. (2004). Forms of contingency fit in management accounting research-a critical review. *Accounting, Organizations and Society*, 29(3-4), 303-326.

Ghoshal, S., & Moran, P. (1996). Bad for practice: A critique of the transaction cost theory. *Academy of Management Review*, 21(1), 14-47.

Glosten, L. R., & Milgrom, P. R. (1985). Bid, ask, and transaction prices in a specialist market with heterogeneously rents. *Journal of Political Economy*, 14(1), 71-100.

Gorla, N., Somers, T. M., & Wong, B. (2010). Organizational impact of system quality, information quality, and service quality. *Journal of Strategic Information Systems*, 1-22.

Hurt. (2008). *Accounting Information Systems* (3 ed.). New York: McGraw-Hill.

Hwang , D., Yan, C., & Robson, G. (2008). On the Informationization of Accounting Information in China: The perspective of accounting information systems and its regulatory framework in the USA. *Journal of Modern Accounting and Auditing*, 4(8), 17-29.

Ismail, N. A., & King, M. (2005). Firm performance and AIS alignment in Malaysian SMEs. *International Journal of Accounting Information Systems*, 6, 241-259.

Jih, K., Bradbard, D., Snyder, C., & Thompson, N. (1989). The effects of relational and entity-relationship data models on query performance of query developers. *Int J Man-Mach Stud*, 31(3), 257-267.

Kohli, R., & Devaraj, S. (2003). Measuring Information Technology Payoff: A Meta-Analysis of Structural Variables in Firm-Level Empirical Research. *Information Systems Research*, 14(2), 127-145.

Mahmood, M. A., & Soon, S. K. (1991). A comprehensive model for measuring the potential impact of information technology on organizational strategic variables. *Decision Sciences*, 22, 869-897.

Mitchell, H. (2002). Strategic Worth of Human Resources: Driving Organizational Performance.

Mukhopadhyay, T., Kekre, S., & Kalathur, S. (1995). Business Value of Information Technology: A Study of Electronic Data Interchange. *MIS Quarterly*, 19(2), 137-156.

Nelson, R. R., Todd, P. A., & Wixom, B. H. (2005). Antecedents of information and system quality: an empirical examination within the context of data warehousing. *Journal of Management Information Systems*, 21, 199-235.

Norton, D. P. (2002). *Balanced Scorecard Report*. Boston: Harvard Business School Press.

Nunnally, J. C. (1978). *Psychometric Theory* (2 ed.). New York: McGraw-Hill.

Olugbode, M., Elbeltagi, I., Simmons, M., & Biss, T. (2008). The Effect of Information Systems on Firm Performance and Profitability Using a Case-Study Approach. *Electronic Journal Information Systems Evaluation*, 11(1), 35-40.

Patel, S. A., & Dallas, G. (2002). *Transparency and disclosure: Overview of methodology and study results-united states*. New York: Standard & Poor's.

Peirson, G., & Ramsay, A. (2006). *Financial Accounting: An Introduction* (4 ed.). Australia: Pearson Education.

Rai, A., Lang, S. S., & Welker, R. B. (2002). Assessing the validity of is success models: an empirical test and theoretical analysis. *Information System Research*, 13, 50-69.

Reeves, C., & Bednar, D. A. (1994). Defining quality: Alternatives and implications. *Academy of Management Review*, 19(3), 419-445.

Sajady, H., Dastgir, M., & Nejad, H. (2008). EVALUATION OF THE EFFECTIVENESS OF ACCOUNTING INFORMATION SYSTEMS. *International Journal of Information Science and Technology*, 6(2), 49-59.

Salehi, M., Rostami, V., & Mogadam, A. (2010). Usefulness of Accounting Information System in Emerging Economy: Empirical Evidence of Iran. *International Journal of Economics and Finance*, 2(2), 186-195.

Sekaran, U. (2003). *Researc Methods for Business*. United Kingdom: Willey.

Sharma, R., Yetton, P., & Crawford, J. (2009). Estimating the effect of common method variance. The method-method pair technique with an illustration from TAM research. *MIS Quarterly*, 33, 473–490.

Sommer, D. Implementation of Quality Information Systems for E-Learning Applications. *European Journal of Open, Distance and E-Learning*, 1-5.

Sori, Z. M. (2009). Accounting Information Systems (AIS) and Knowledge Management: A Case Study. *American Journal of Scientific Research*(4), 36-44.

Tallon, P. P., Kraemer, K. L., & Gurbaxani, V. (2000). Executives' perceptions of the business value of information technology: a process-oriented approach. *Journal of Management Information Systems*, 16, 145–173.

Tripsas, M., & Gavetti, G. (2000). Capabilities, Cognition, and Inertia: Evidence from Digital Imaging. *Strategic Management Journal*, 21, 1147-1161.

Tushman, M. L., & Nadler, D. A. (1978). Information processing as an integrating concept in organizational design. *Academy of Management Review*, 3, 613–624.

Wang, R. Y., & Strong, D. M. (1996). Beyond accuracy: what data quality means to data consumers. *Journal of Management Information Systems*, 12, 5–34.

Wilkinson, J. W. (1993). *Accounting Information Systems: Essential Concepts and Applications* (2nd ed.). New York: John Wiley & Sons Inc.

Xu, H. (2003). *Critical Success Factors for Accounting Information Systems Data Quality*. UNIVERSITY OF SOUTHERN QUEENSLAND.

Yatim, M. N. b. M. (2009). Accounting information system for profit distribution (al-ishtisrak) of Islamic financial institution. *African Journal of Business Management*, 3(11), 773-780.

Young, J. F. (1982). *Decision-making for Small Business Management* (2nd ed.). Florida: Robert E. Krieger Publishing Company.

Zeithaml, V. A. (2000). Service quality, profitability, and the economic worth of customers: What we know and what we need to learn. *Academy of Marketing Science Journal*, 28(1), 67-86.

Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990). *Delivering Quality Service*. New York: Free Press.

International Organization for Standardization: ISO 9000:2000. Quality management systems - Fundamentals and vocabulary. Geneva: ISO, 2000.

<http://www.allbusiness.com/glossaries/accounting-information-system-ais/4942866-1.html>

http://tutor2u.net/business/ict/intro_information_system_types.htm