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The Impact of Accounting Information Systems on Insurance Companies' Profitability and Performance: Perspective of India

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Abstract: To summaries, an Accounting Information System (AIS) is a tool that enables a business to efficiently and accurately manage its financial data. It is possible to adjust accounting information systems to the specific needs of a company's environment, configuration, and mission, making them a useful tool for making decisions in the workplace. Accounting information systems and their impact on Indian insurance firm profitability and efficiency are the focus of this article. Accounting Information System (AIS) derived from Accounting Software can help the company's owners and management understand the need of using it to achieve profitability and efficiency. Productivity, dependability, convenience of use, data quality, and correctness are just a few of the elements that have an impact on how well a company uses AIS. All four major insurance companies in the country participated in the survey by providing fifty responses each. Using regression and correlation techniques, this study found that the profitability & performance of insurance companies in India are affected by the use of accounting information systems (AIS).

Keywords: AIS, Performance, Profitability, Insurance, Efficiency, Economy.

Introduction:

An essential instrument in technology and information that is not just based on financial controls but has a substantial impact on performance improvement assessment is accounting information [1]. As a result of the use of proxy terminology, accounting details have become more prominent in performance measurement. When it comes to accounting information systems, the modern era of technology and data was the ideal time for their development. Despite this, there have been notable advancements, such as the creation of a technical approach to accounting data.

By switching to a double-entry method, accounting has become more precise. Financial information, such as purchases, receipts, investment, and earnings are the primary goals of accounting; although it is also valuable in a variety of other ways in today's society. A corporation's profit or loss used to be measured by keeping books, however accounting information systems can now be used to improve profitability. It is a method for accounting that allows businesses to make deposits and generate reports for improved financial reporting monitoring [2]. The term "accounting information system" refers to a set of business procedures that includes all inputs, assembly, and reporting of financial transaction data. Accounting is a technique for disseminating information to a wide range of parties. Providing financial information to a company's owner is the fundamental objective of accounting [3]. Information like this will be useful to a wide range of people and organisations in the financial sector. Accountancy, on the other hand, is more important to the individual employee of a corporation. Any decision necessitates a wide range of possibilities. The consumer should be able to use the information in the accounting records to make better decisions. Accounting is a tool used by business owners and managers to keep track of their financial records and prepare financial statements for investors. Planning, coordination, direction, supervision, oversight, and decision-making are at the top of the list of a manager's

management tasks [4]. The accounting information system is one of the most important operations in any organisation. Its purpose is to supply managers at all levels with vital information.

They are better able to carry out their responsibilities in the areas of planning, supervision, performance assessment, & decision making because of this expertise. A well-planned and operated accounting system can assist an organisation manage critical resources, such as information [5]. Commercial operations can be divided into two categories. Buying and selling are examples of external trades, which take place outside of a company's walls. 2. The collecting of costs and supply costs is the result of internal commerce. Money spent on goods or services is referred to as "cost."

Cost accounting offers all of this information, from content acquisition to final cost, as well as total cost and cost per unit. Subtracting all costs from revenue yields profit. However, because accounting information systems are used to communicate with vendors, employers, and employees, it is impossible to foresee how the increasing demand for accounting information systems will affect an organization's efficiency.

There are a host of concerns that must be addressed because most companies are still employing outdated accounting information systems. Using monetary transactions, accounting provides corporate data [6]. Accountancy is the study of how data is gathered and organised so that it may be analysed and exchanged in order to make decisions. That's why accounting information systems and their impact on firm profitability are at the heart of this study. If the structure of accounting information were to be altered, society as a whole would benefit.

Review of literature:

To keep up with the ever-increasing demand for market improvement, growth, and expansion in the modern corporate world, managers have been compelled to consider more inventive management strategies. In the face of rapid technological breakthroughs, increased awareness, and ever-increasing consumer demands these approaches are designed to keep organisations afloat One of these strategies is the incorporation of new technology within corporate structures.

There are many different types of information systems, including those that deal with data management (e.g., data warehouses), data mining (data mining), business intelligence (BI), and more. For better decision making, an information system provides useful statistics by planning, organising, directing and leading operations inside an organization [7].

Onaolapo (2012) claims that AIS gives finance departments the tools they need to be more efficient in their day-to-day operations. According to research, there is a strong correlation between the efficiency of an organization's accounting information systems and the efficiency of the organisation as a whole. An organization's control structure cannot be enforced without the use of accounting management systems.

According to Hadi (2014), a corporation's information system includes an Accounting Information System, which helps to process data. Data processing helps managers make better decisions and has a substantial impact on the success of the firm. An organization's performance, continuity, overall internal management can only be ensured by a high level of expertise.

ISSN- 2394-5125 VOL 7, ISSUE 12, 2020

Like any other type of information technology, accounting information systems (AIS) are widely believed to play an important role in the day-to-day operations of businesses. Administrative responsibilities like as planning, scheduling and controlling are all handled by accounting information systems [8].

Information about a single individual and their community is organised in a methodical way to define, calculate, accumulate, analyse, plan, translate, and disseminate the information. Borhan and Bader are (2018). In order to contain the information necessary by multiple decision-makers at a specific point in time, a group of sources (people and equipment) is considered to collect financial data as an accounting information structure.

Both companies are in desperate need of a dependable accounting system. Organization and storage of raw and ordinary data, as well as conversion of that information into financial information for policymakers, is the primary goal of this tool. Information about occurrences that have a financial impact on businesses can be gathered and stored using the system AIS [9]. Additionally, it aids in data management, distribution, and dissemination to both internally and externally sponsors.

Because of this, accounting information systems (AIS) are expected to be used in the financial situation and performance of a company. " Management of an organization's finances is based on the AIS financial and accounting statements, which are used to determine a company's previous accomplishments and to plan for the future. At various levels of the company and by other stakeholders, AIS's effects are expected, which largely consist of financial statements. As a result of AIS results, the company's organisational, tactical, and strategic levels all make decisions based on the information they get. In order to utilise the service, users must have varying degrees of financial and related knowledge and education.

Due to the creative and new accounting methods brought about by the Accounting Information System (AIS), which is computer-based, many business owners — particularly those in industrialised countries — are either unprepared for or unable to implement. Businesses, on the other hand, are adopting more complicated accounting information systems to meet their business goals and increase efficiency.

Even in developing countries, Malaranggeng(2009) claims that small enterprises confront a variety of challenges when it comes to establishing computerised accounting systems. Accounting information systems (AIS) have been shown to have a significant impact on the financial performance of firms. As a foundation for future empirical investigations, it is designed to keep track of academic studies on accounting information systems and to identify study gaps connected to the impact on financial reports of corporations of accounting information systems.

Prior, current, and future market activity can all be assigned an AIS number (Rehab, 2018). Annual reports and special assessments, both containing accounting information, are frequently consulted in the process of making business choices. Outsourcing, inventory policies, customer service, labour negotiations, & capital investments are just a few examples of the decisions that need to be made.

In order to carry out administrative responsibilities like planning and monitoring, accounting management systems are essential (Samer, 2016). As part of the organization's planning

ISSN- 2394-5125 VOL 7, ISSUE 12, 2020

process, AIS provides data for study and analysis. Data on the relationship between cost, time, and benefit is vital for evaluating the degree of interdependency & communication between them. When using this method, it is necessary to have an agenda that is both clear and detailed in order to identify potential distractions as well as to provide a foundation from which to evaluate and analyse the results. Decision-making and implementation in accordance with established policies and standards are tested in this job, as is resource development and the monitoring of the organization's functioning. This role also serves as an applied test of decision-making and implementation.

AIS's computerised accounting tools, according to Urqua, Pérez, and Muoz (2011), are directly tied to a company's commercial and financial performance. Some of the advantages of a company's efficient use of AIS include more tolerance for a developing world, improved control over transactions within the internal market, and a higher degree of competition. Companies' competitiveness is bolstered by a greater exchange of knowledge, new business opportunities on the network, and improved external collaborations, most of which are with foreign clientele available via the firm's website.

According to Weber (2008), a company's financial stability, ability and desire to fulfil long-term financial commitments, or determination to supply services in the near future are all factors that contribute to its financial success.

Al-Dalaien and Khan (2018) investigate the financial impact of AIS on a few Jordanian real estate enterprises. Employees were interviewed using a well-designed questionnaire. Linear regression statistics were used to examine the data in this study. Results show that AIS had the greatest impact on Jordan International and had no influence on Ihdathiat Coordinates.

The financial statements of various Jordanian real estate enterprises are examined by Borhan and Nafees (2018). In order to collect data from 175 employees from five Jordanian companies, the thesis employed a sample analytic design and questionnaires. Linear regression statistics were used to examine the data in this study. Results revealed a considerable impact on the audited companies' financial statements of their Accounting Information System.

Objective of the Study:

- An evaluation of the relationship between the financial performance of Indian life insurance companies and the accounting information system.
- AIS will be used to evaluate the overall profitability of Indian life insurance businesses.

Hypotheses:

- No correlation between the financial success of life insurance businesses in India and their use of accounting information systems.
- The total profitability of Indian life insurance businesses is not improved by the use of an accounting information system (AIS).

Research Methodology:

If you're interested in finding out how things are connected to a specific research problem but don't want to know why they're connected, then descriptive research is the best option. For example, descriptive research can be used to think about just a phenomenon's current state, as well as to clarify "what happens" in terms of causes or circumstances.

ISSN- 2394-5125 VOL 7, ISSUE 12, 2020

In this study, participants utilised a type of graphical rating scale known as a continuous rating scale, which allows them to place the object wherever they choose on the scale. In order to do so, you pick a place on a horizontal or vertical line that falls somewhere in between two extremes and name it.

Data collecting and analysis tools and techniques:

All four major insurance companies in the country participated in the survey by providing fifty responses each. Using regression and correlation techniques, this study found that the profitability & performance of insurance companies in India are affected by the use of accounting information systems (AIS).

AIS, profitability, and performance are the three criteria that make up the research. Profitability and performance are the dependent variables, while AIS is the independent variable. Three months of data were collected from January to March 2 of this year. The results were analysed with SPSS 20 edition, a statistical software package for social science.

	Use of Accounting Information System	Ais Enhances Profitability	Relationship Between Accounting Information and Financial Performance
N	200	200	200
Missing	9	9	9
Mean	8.33	8.10	8.07
Median	9.00	9.00	9.00
Mode	9.00	9.00	9.00
Standard deviation	1.64	1.40	1.56
Minimum	3	3	3
Maximum	10	9	10

Table 1: Descriptive

One hundred fifty replies from State Bank of India; HDFC; LIC; ICICI Insurance Companies were obtained for this study's purposes. Table 1 demonstrates that Most of the participants in this study believe that the use of an accounting information system has a positive impact on the profitability and performance of life insurance companies.

I Hypothesis

There is not association between Accounting Information System and financial performance of life insurance companies in India.

Overall Model Test

Model	R	R^2	Adjusted R^2	AIC	BIC	RMSE	F	df1	df2	p
1	0.914	0.836	0.834	387	398	0.628	1014	1	199	< .001

Table 2: The Fit of the Model

The R value (the "R" Column) indicates a high degree of correlation for a simple connection. For example, the R^2 value (column "R Square") reflects how much accounting information system (AIS) can explain in terms of total variance in financial performance. A correlation coefficient of 0.836 indicates that an independent variable accurately captures 83% of the variance in financial performance.

ISSN- 2394-5125 VOL 7, ISSUE 12, 2020

Sum of Squares		df	Mean Square	F	p
using a computerised accounting data system	403.8	1	404.825	1013	< .001
Residuals	79.0	199	0.398		

Table 3: The Omnibus ANOVA Test

An omnibus test (Table 3), like the F-test in ANOVA, establishes the model's overall significance. At least two of the observed means are significantly different according to a relevant F test, but the result does not reveal which means are dissimilar from one another. Even if the p value is .0010.05, it may be stated that the two means differ significantly.

Predictor	Estimate	SE	t	p
Intercept	1.644	0.2134	7.67	< .001
use of accounting information system	0.764	0.0234	30.49	< .001

Table 4: Coefficients of the Model - AIS Increases the overall profit

coefficients in regression analysis work together to identify which connections in the model are statistically significant and exist (Table 4). The coefficients demonstrate the mathematical relationship between each independent and dependent variable. One more accounting information system execution will boost overall profitability by 0. 774, based on the estimate. The model has a significant P value of 0.01. Because the null hypothesis is ruled out, it can be concluded that the overall profitability of life insurance businesses in India is linked to the accounting information system they use.

Conclusion:

In accounting, the validity of accounting records, their legitimacy, and the audit's accuracy are all examined. Review of corporate operations and financial income and expenditures are carried out after supervision. Complements such as financial and accounting analysis are a must in today's business world. It will be possible to connect the administration, manufacturing organisation, and data management departments directly to the accounting information system via the network. Each employee or member of a team has the ability to develop and use accounting material that is subject to review and monitoring. Ending the contents of data system accounting inspections and their inherent threats, in order to improve the review's processing and management functions. From a variety of perspectives, this study examined the effectiveness of accounting information systems in decision-making, such as improved managerial decision-making, more good management monitoring devices, increased financial statement accuracy, enhanced efficiency metrics, and facilitating financial transaction procedures. As a result, the researcher finds that the financial performance and profitability of life insurance firms in India are linked to the use of accounting information systems.

The study's limitations:

When conducting research on the above-mentioned topic, the researcher encountered a serious problem: the unwillingness of the respondent to share sensitive information, which made it difficult to obtain accurate data. Another limitation was the three-month deadline for

accessing accounting information from four insurance providers. Secondary data was also unavailable, which required a significant amount of time and money. For this reason, it was difficult to get a clear picture of what was really going on in the company because of the limitations imposed by the accounting rules that were being applied.

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