

# The usage of Accounting Information Systems for Effective Internal Controls in the Hotels

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## Abstract

The advancement in technology has enabled companies to generate and use accounting information systems. When hotels adjust their computerised techniques of internal control mechanism according to accounting information systems they will be able to ensure the reliability of financial information processing. Hotels like any other sector need to apply the accounting information systems to improve the quality of services. The main objective of this paper is to examine if the usage of Accounting Information Systems (AIS) has improved the internal control systems in the hotels. A quantitative methodology approach was adopted in this study. The study revealed that there is a relationship between accounting information systems and internal controls. AIS has policies, procedures, organizational design and physical barriers that contribute to the internal control structure. As a result of better internal controls, hotels are able to achieve their operational goals.

*Index Terms*—accounting information systems, internal controls, hotels

## Introduction

Business managers today operate in a highly competitive and changing global business environment and therefore require information systems that provide speedy responses to complex business enquiries. The advancement in technology has enabled companies to generate and use accounting information systems, [1]. Accounting information systems is a tool that organisations can use to achieve stronger, more flexible corporate culture to face continual changes in the environment [2]. One of the major reasons why business enterprise takes advantage of accounting information technology is to receive support for their business decisions. The benefits of accounting information systems can be measured by its impact on improvement of the decision making process, quality of accounting information performance evaluation, internal control, and facilitating company's transactions [2]. Accounting information systems assist companies to gauge the risk of some operations or predict future warnings using sophisticated statistical software applications [3]. The financial application which is the heart of the accounting information systems is integrated with all the other application for example human resource benefits, ad-

ministration, pension administration, payroll and labour reporting [4].

[1] states that without innovation a virtuous circle within an organization remains a dream and better firm performance and reduction in the financial and organization obstacles can never be achieved. With the formation of paperless trading environment it means there should be changes in the internal control techniques that are required to ensure consistency with the AIS environment. Which has resulted in a number of organisations in implementing new accounting information systems in an attempt to improve business operations. Firms which have existing accounting information systems are continually upgrading them. Successful implementation of accounting information systems helps companies in adapting to the uncertain environment and shows a high degree of competitiveness [1]. Hotels like any other sector need to apply the accounting information systems to improve the quality of services [6]. Therefore, the use of new technology in accounting information systems enables hotels to record wide range of transactions which assist in planning, controlling and decision making processes in the core hotels. The research seeks to find out if the usage of AIS has a positive effect on internal controls within the hotel industry. The study will find out if accounting information system has improved internal control in hotels in Swaziland.

If companies are able to adjust their computerised techniques of internal control mechanism according to AIS, they will be able to ensure the reliability of financial information processing and boost the control measures of effectiveness of the financial information reliability [7]. When the controls are used properly there will be better operating effectiveness and efficiency which will result in better financial information reliability. Hence this study developed the following hypothesis; the higher the usage of AIS the better the internal controls measures.

Managers at various levels need AIS to make decisions in internal controls. A study by [8] state that implementation of accounting information systems caused the improvement of managers decision making process with internal controls, the quality of the financial reports and facilitated the companies transaction. Therefore, the adaptation of internal control



techniques is a critical management issue that ensures the usefulness of internal controls and the achievement of operational objectives.

Internal controls aim to ensure the reliability of financial information, the effectiveness and efficiency of operations and the compliance of laws and regulations [3]. The validity of an internal control system affects the significance of internal controls. [7] state that the value of internal control influences operational performance through information reliability operational effectiveness. Computerized internal controls have effects on the value of internal controls and performance of operations. The usage of new information technology means computerized controls should be built into the AIS.

## Methodology

Most of the hotels in Swaziland are found in the Zulwini valley. For the purpose of this study, hotel refer to commercial establishments providing overnight accommodation and guest services, this includes bed and breakfast, guest houses, lodges, and hotels. The purpose of the study is to find out if the usage of accounting information systems has a positive relationship with internal controls in the hotels in the Zulwini valley.

For data collection a descriptive survey has been used and a quantitative research design has also been used for the study. A pilot survey of IT managers of 6 hotels was conducted. The target population is all the hotels along the Zulwini valley and because they are not that many all 36 hotels along the valley were considered. Questionnaires were delivered to all the hotels.

In the literature review the researchers identified that Internal controls typically center around the company’s AIS 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 operation on performance [9]. [3] In his study found that organisations that use AIS have better internal controls which results to reliable financial information and smooth operations. Which leads to internal controls efficacy and operational performance improvements?

## Findings

The study reveals that most of the hotels at the Zulwini valley hire females to be responsible of AIS which is 60 %,

this shows a lack of gender balance in the usage of AIS in hotels. The fact that most hotel work is associated with cooking and cleaning and cultural norms attach these chores to women goes further to the administrative part of the hotels. Most of these hotels are individually owned and are run as small medium enterprises and the gender that usually venture into service industry where food and accommodation is involved are females.

Table 1 shows that all grouped items have a mean of 4.03 and 0.00 level of significance (p-value), which means that the hypothesis is accepted. There is a relationship between accounting information systems and internal control in the Zulwini valley hotels. Table 1 shows that all the items have an arithmetic mean greater than 3.00 which means that they are statistically significant. The mean scores were computed to identify the usage of AIS in internal control in hotels. The lowest mean and highest standard deviation was when (mean = 3.7, SD = .953) “ais provides computer-based database system to store and retrieve data”. The standard deviation was the second lowest and the mean the highest when “ais have contributed to internal controls. (mean =4.22, SD = 0.640). The mean was also high when “ais results increase awareness of the need for internal controls which increases budget, successes and failures” (mean =4.2)

Table 1: Responses on the usage of AIS in internet controls in hotels

	Mean	Std. Dev	t	Sig
ais has contributed to internal controls	4.20	.640	34.25	.00
ais is integrated with other management information systems	4.09	.849	24.04	.00
ais keep track of all events in an effective and efficient manner	3.92	.992	21.34	.00
ais automatically posts transactions to the accounts receivables master file on monthly bases	3.89	.994	20.72	.00
ais provides computer-based database system to store and retrieve data	3.73	.953	21.82	.00
ais contribute to reliability of financial reporting ie.gaap, ifrs	4.08	.838	25.48	.00
ais encourage efficient and effective use of resources and operations	4.16	.766	27.41	.00
ais enhance compliance with laws and regulations of accounting standards	4.17	.737	29.48	.00
ais improves controls by limiting access to company data	4.13	.613	34.57	.00
ais has policies, procedures, organizational design and physical barriers that contribute to the internal control structure	3.94	.884	23.95	.00
ais provide preventive controls which	3.9	.81		.00

are designed to discourage errors or irregularities		2	24.13	
ais comprise of detective controls which are designed to identify errors or irregularities after they have occurred	3.9	.824	24.52	.00
ais results increase awareness of the need for internal controls which increases budget, successes and failures	4.2	.813	27.22	.00
Total	4.03			

**Rating scale:** 1 = Strongly Disagree, 2 = Disagree, 3 = Slightly Disagree, 4 = Slightly Agree, 5 = Agree, 6= Strongly Agree.

## Conclusion

There is a relationship between accounting information systems and internal control in the Zulwini hotels. Hotels depend on the internal control which is relevant and cost effective. AIS provide hotels with information that is accurate, and information that is timely and a system about internal controls that has clarity. It is clear that the hotels uses accounting information systems in internal control to get more relevant, cost effectiveness, accuracy and timeliness. In the AIS environment the qualities of internal controls adaptation affects operations and management and in turn influence internal control.

Internal controls are run to ensure the achievement of operational goals and performance [10]. And from the study it shows that AIS has actually contributed to internal controls in the hotels and that AIS has also made the hotels aware of the need for internal control in order to cut down on the budget and failures. As a result of the better internal controls, hotels are able to achieve their operational goals and performance. [7] states that when hotels use AIS they will be able to ensure reliability of financial information which agrees with the hotels because with item 6 the hotels showed that AIS does contribute to reliability of financial reporting. Every organization wants efficient and effective resources and this can be seen in the Table which shows with AIS the hotels are also encouraged to use their resources and operations efficiently and effectively. To make sure an organization follows good standards there must be good internal controls to monitor that [3]. AIS is helping hotels to enhance compliance with laws and regulations of accounting standards.

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