

Investigating the Efficiency of Tejarat Bank Information Systems in Presenting Reports to the Managers

Mehdi Ebrahiminejad¹

Associate Professor of faculty of Economics and Management, Bahonar University of Kerman, Iran

Meysam Aminizadeh

Master of Accounting, Kerman Bahonar University Pardis, Iran

Ma'soumeh Dehghani

M.A in Crisis Management, Bahonar University of Kerman, Iran

Abstract

This study aims to investigate the efficiency of Tejarat Bank information systems and the extent to which bank managers apply these systems. Today's condition of trading and competitive atmosphere and the evolution in financial and banking systems of countries has highlighted the need for a comprehensive and responsive evolution to satisfy the society's needs in any developing and sustainable economy. Hypotheses have been formulated to assess and evaluate the present systems from various dimensions. This study was carried out in all branches of Tejarat Bank in Kerman Province in 2014. Data was collected through questionnaire and field study. Data analysis have been done through statistical tests. Findings showed that Tejarat Bank accounting information system has great potentiality and efficiency in providing the bank managers with adequate information. On the other side, the bank managers made the least use of the information presented by these systems.

Keywords: information systems, information systems efficiency, Tejarat Bank.

Cite this article: Ebrahiminejad, M., Aminizadeh, M., & Dehghan, M. (2016). Investigating the Efficiency of Tejarat Bank Information Systems in Presenting Reports to the Managers. *International Journal of Management, Accounting and Economics*, 3(11), 746-757.

¹ Corresponding author's email: Mehdi.nejad@uk.ac.ir

Introduction

Today, the rate of access to information has a vital role in sustainable development of economic institutes and economic decisions of consumers. It is important for managers of banks, companies and institutes to be informed of company's events, to settle down problems and to identify opportunities (Fazeli and Edalat, 2010).

Today, widely changes have been created in informational technology and its advancements have been extensive so that it has created changes in different contexts. The most important feature of informational technology is its high speed in data processing, high accuracy, high speed access to information, up-dating, electronic exchange of information, high quality and low cost. According to Gary Sandam, ex-chief of American accounting association, the role of information is very important in society. Therefore, that information producers especially accountants should prepare high quality and related information in order to sell their services with high cost. Otherwise they have no room in future (Etemadi, Elahi and Hasan Aghayi, 2004).

Decision makers (managers) of organizations with accurate and on-time information are able to reach the organizational goal and mission. The goal of such systems is to ensure presentation of correct and reliable information in essential situations and applied form. These systems have been known as information systems (Omidvar, 2005).

In order to reach increasing efficiency and effectiveness in dynamic, ever-changing, and competitive climates, attention has been paid considerably to information system and investments to develop these systems. Therefore, it is necessary to evaluate their success for creation, development and understanding the value and efficiency of information systems (Dadmand, 2009). It can be said that financial information, as one of the most important information in organizations, play an important role in organizational success or failure. Thereby, it is important to identify causes of success and failure and evaluate the system to meet management needs.

Many experts have defined accounting as an informational system. On the other words, accounting is an informational system that facilitates decision making (Arab Mazar and Khosravi, 2007). Accountingly, information system should be able to present information about operational budgeting, capital budgeting, breakeven point (head to head) analysis, measuring and evaluating performance of different sectors and operations, standard costing and deviation analysis.

Two factors affecting managers' decision making are the ability of the system for presenting information required by managers in abovementioned situations and using information by managers. Accounting information system may provide information required by managers but managers hardly use such an information due to different reasons (Soleimani, 2013). However, in commercial and competitive climates and changes in financial and bank systems, it is necessary to change and respond requirements of the society in each growing economy. In this context, the role of bank system is vital as one of the important leverages of economic development. Concerning abovementioned points, it is tried to evaluate ability of accounting information systems in presenting

information required by managers and the way managers use such an information prepared by accounting informational systems.

Literature of the subject

System: system is a set of elements that are combined with each other due to having one common goal. In a system, there are five elements of endogenous exogenous, transformation, control mechanism and goals. Movement of system is so that endogenous element is converted into exogenous one. Control mechanism, is used in transformation process in order to ensure reaching system goals. Control mechanism is joined into sources by feedback ring. Feedback ring acquires information from exogenous element of the system and relates to control mechanism. Control mechanism matches feedback indications with goals of leading to signs to endogenous element in order to system changes of its operation if necessary (McLeod, 1998).

Information system: a complete system designed for producing, gathering, organizing (processing), storing, recovering and distributing information in each institute, organization or any other defined area in society (Yang, 1983).

Classification of systems

1- state-maintaining system: it is a system that does not choose either the goal or process of reaching the goal rather they have been imbedded in its structure. This system only shows reaction against changes. What is done by this system depends completely on event of behavior cause and its structure. This system should be able to distinguish the state changes occurred in the system or the environment.

2- goal-seeking system: it is a system that does not choose the goal but it chooses how to reach the goal. This system is to reach a certain state and is able to select the behavior. If these systems contain memory, they will increase their efficiency over time.

3- Purposive system: it chooses either the goal or the process of reaching it. Behavior of a targetted entity is not completely determined by the outside and part of the goal is determined by its decision and choice. This system can change its goal under stable environmental condition.

4- Ideal-seeking system: instead of a goal, this system follows an ideal (Ackoff, 1999).

Function of a system: an informational system performs three activities (fig 1).

A: it receives information from intra organizational sources or outsource as inputs

B: it performs some tasks on received information to produce the mentioned information

C: it gives information to the users such as manager or staff

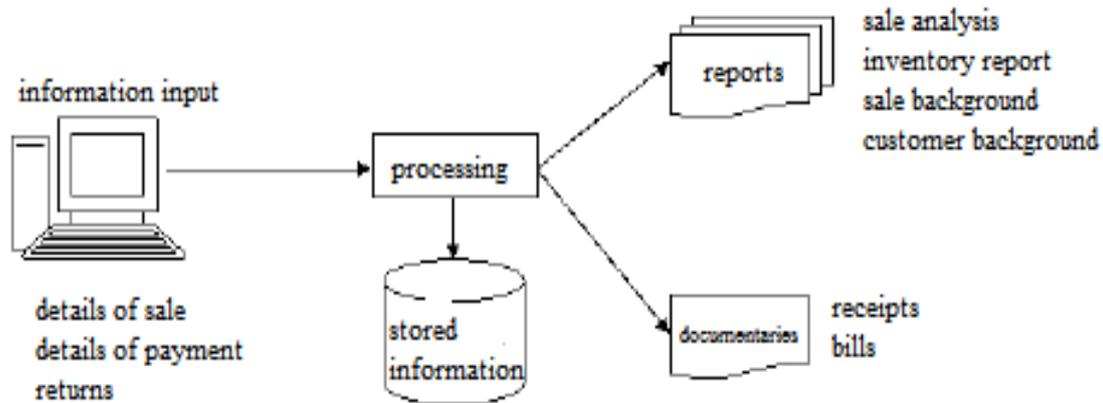


Figure 1 activities of an information system (Zouzing and Paul, 1990)

Accounting information system: accounting is an informational system by which information related to financial activities are that identified, recorded, classified and summarized. Accounting information system gathers and stores financial data during accounting processes and produces information required by organizational decision makers after data processing (investors, creditors, managers). Accounting information system can help organizational decision makers and managers in their strategic plans by presenting intelligent financial reports.

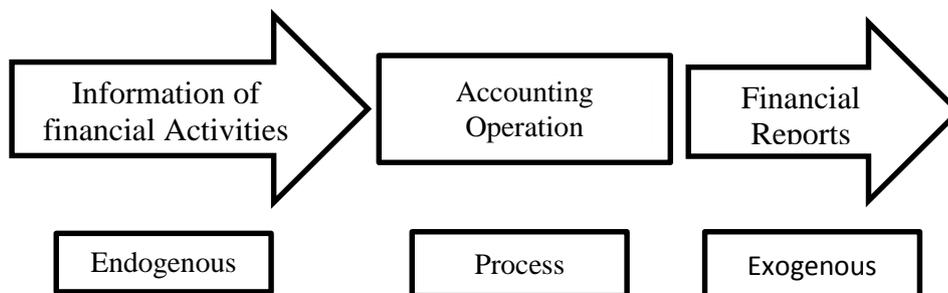


Figure 2: accounting information system (Zouzing and Paul, 1990)

Informational needs: the term, informational needs, refers to the needs that should be prepared by informational services or sources and materials. Informational needs are behavior of informing the most important topics considered by researchers in order to identify real needs, problems of users in recovering and applying information (Zouzing and Paul, 1990). Accounting information system is responsible for changing informational data to appropriate financial reports and presenting them to managers inside and outside the organization for decision making. Changing informational data into financial reports in an accounting information system is done by gathering, classifying,

processing, analyzing and transferring information (Fakharian, 2005). Therefore, it can be said that accounting information system has consisted of the following components:

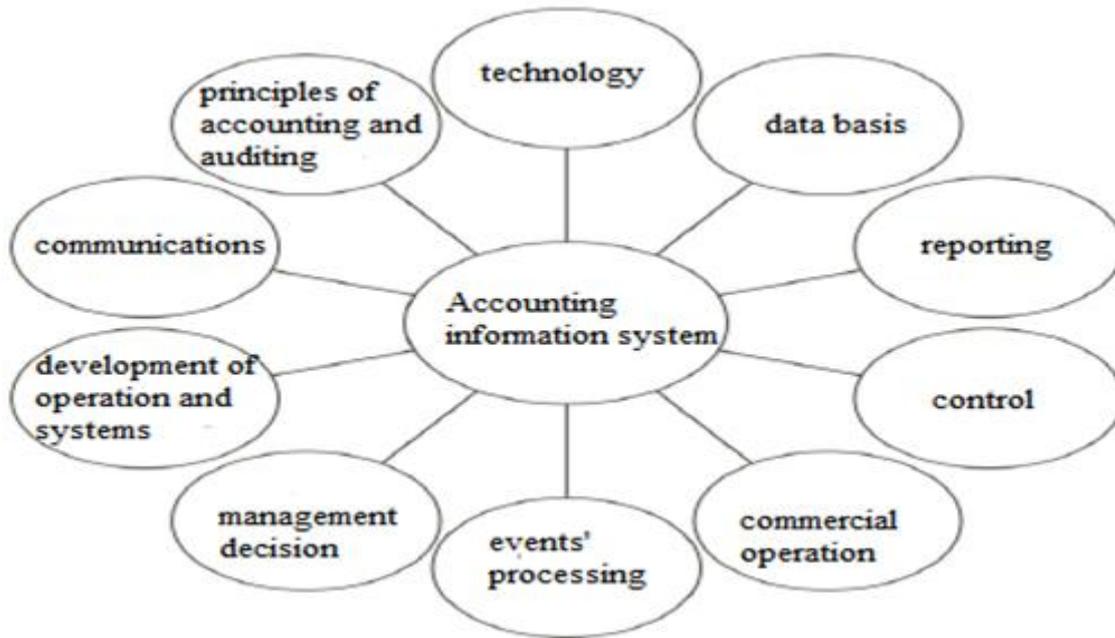


Fig.3: components of accounting information system (Fakharian, 2005)

Bank: it is an economic institution responsible for equipping and distributing credits, credit operations, financial operations, selling and buying exchange, transfer operation, documentary debt collection and customers' dividend, paying liabilities of customers, taking trusts, keeping stocks and valuable objects of customers, guardianship and administration for customer, delegation of selling and buying.

Formulation of a strategic plan: it is an organizational process to define strategy of the organization and decision for the way to find sources required for reaching the goal of strategy. This process includes people and sources as well. Strategic planning is applied for effective planning to picture plan of an organization but it never predicts the market in future and future forecasts coming (Ahmadi, 1998).

Research Hypotheses

H₁: Accounting information system of Tejarat Bank is of high capability to provide information required for cash budgeting of bank branches.

H₂: Accounting information system of Tejarat Bank is of high capability to provide information required for validation of customers.

H₃: Accounting information system of Tejarat Bank is of high capability to provide information required for measuring and evaluating performance of different sectors.

H4: *Accounting information system of Tejarat Bank is of high capability to provide information required for giving rewards to bank personnel.*

H5: *Amount of using information presented by accounting information system in cash budgeting of branches is low via managers of Tejarat Banks of Kerman Province.*

H6: *Amount of using information presented by accounting information system in validation of customers is low via managers of Tejarat Banks of Kerman Province.*

H7: *Accounting information system of Tejarat Bank is of high capability to provide information required for internal controls.*

H8: *Amount of using information presented by accounting information system in measuring and evaluating performance of different sectors is low via managers of Tejarat Banks of Kerman Province.*

H9: *Amount of using information presented by accounting information system for giving reward to bank personnel is low via managers of Tejarat Banks of Kerman Province.*

H10: *Amount of using information presented by accounting information system for internal controls is low via managers of Tejarat Banks of Kerman Province.*

Research variables

Research subjects contain subjective and abstract concepts. In order to conduct research in practice, concepts should be changed into variables. They are changed into variables when the amount of their input and degrees are determined. Dependent, independent and control variables, continuous and discrete variables should be distinguished (Irannejad, 2003). Concerning the hypotheses and the questionnaire, research contains dependent and independent variables and each of them corresponds to one of the hypotheses.

Dependent variable: it can be said that dependent variable is resulted from independent variable. Dependent variable is known as standard variable (Irannejad, 2003). In this research, managers decisions of Tejarat bank branches of Kerman are dependent variables (decision related to finished price management, budgeting, resource allocation, staff rewarding, customer validation, standard costing, deviation analysis, short term investment management, evaluation of performance of different domains and sectors, prediction of strategic plans of branches, access to determined goals and actions taken for reducing costs and increasing profitability).

Independent variable: Independent variable is the explanatory variable. It is assumed that this is the cause of changes in dependent variable (Irannejad, 2003). Independent variables are ability of informational systems in presenting information required for managers and amount of using information of accounting information system via managers.

$$(1) \quad MD = xP + nU \pm \Sigma$$

In this model, MD is management decision and P is the amount of ability of the system in presenting information and U is the amount of using information via managers.

Research methodology

This is an applied research concerning the objective and surveying research concerning the method. In order to gather information in the form of questionnaire, opinions of managers and deputies of Tejarat Bank branches of Kerman have been used. T-test has been used to test hypotheses. Research hypotheses have been designed by H_0 and H_1 in the form of statistic hypotheses test.

Statistical population and sample

Statistical population is all managers and deputies of the branches and counter heads of Tejarat Banks of Kerman including 131 people. The research sample is selective and non-probable. According to principles of estimation of sample amount, judgmental and non-probable sampling is described and the sample amount is equal to the amount determined by the researcher (Muler.et,al, 2008). The composition of the sample is as follows:

- Most of the participants were males (96.5% and totally 113 persons) and four persons were females.
- Most of the participants hold diploma degree (40%) and only 1.75 percent of them have M.A degree.
- Most of the participants were between 16 and 20 years of experiences (39.5% and totally 45 persons) and ten participants were between 5 and 10 years of experiences.

Testing research hypotheses

T-test has been used to test research hypotheses as follows :

Table 1: t-test for research hypotheses

Hypothesis	Test value = 3					
	T statistic	Freedom degree	Significance level	Mean difference	In 95% confidence	
					Minimum	maximum
H1	11.665	116	0	0.69872	0.5801	0.8174
H2	9.675	116	0	0.65641	0.5220	0.7908
H3	13.066	116	0	0.83974	0.7125	0.9670
H4	11.016	116	0	0.67521	0.5538	0.7966
H5	13.778	116	0	0.67376	0.5855	0.7821
H6	- 4.126	116	0	- 0.19017	- 0.2815	- 0.0989
H7	- 5.749	116	0	- 0.28889	- 0.3884	- 0.1894
H8	- 3.108	116	0.002	- 0.19444	- 0.3184	- 0.0705
H9	- 11.419	116	0	- 0.92023	- 1.0798	- 0.7606
H10	- 8.988	116	0	- 0.75000	- 0.9153	- 0.5847

Results obtained from inferential statistic

Hypothesis 1: accounting information system of Tejarat Bank is of high capability to provide information required for cash budgeting of bank branches.

According to analyses, this variable (to provide information required for cash budgeting) is in upper intermediate level due to small significance level of 0.05 and positive mean difference. Therefore, this hypothesis is confirmed. Accounting information system of Tejarat Bank is of high capability to provide information required for cash budgeting of bank branches

Hypothesis 2: Accounting information system of Tejarat Bank is of high capability to provide information required for validation of customers.

Analyses showed that this variable (to provide information required for validation of customers) is in upper-intermediate level due to small significance level of 0.05 and positive mean difference. Therefore, this hypothesis is confirmed. Accounting information system of Tejarat Bank is of high capability to provide information required for credibility of customers

Hypothesis 3: Accounting information system of Tejarat Bank is of high capability to provide information required for measuring and evaluating performance of different sectors.

Analyses showed that this variable is in upper-intermediate level due to small significance level of 0.05 and positive mean difference. Therefore, this hypothesis is confirmed. Accounting information system of Tejarat Bank is of high capability to provide information required for measuring and evaluating performance of different sectors.

Hypothesis 4: Accounting information system of Tejarat Bank is of high capability to provide information required for giving rewards to bank personnel.

Analyses showed that this variable is in upper-intermediate level due to small significance level of 0.05 and positive mean difference. Therefore, this hypothesis is confirmed. Accounting information system of Tejarat Bank is of high capability to provide information required for giving rewards to bank personnel.

Hypothesis 5: Accounting information system of Tejarat Bank is of high capability to provide information required for internal controls.

Analyses showed that this variable (to provide information required for internal controls) is in upper-intermediate level due to small significance level of 0.05 and positive mean difference. Therefore, this hypothesis is confirmed.

Hypothesis 6: Amount of using information presented by accounting information system in cash budgeting of branches is low via managers of Tejarat Banks of Kerman Province.

Analyses showed that this variable (using information presented by accounting information system in cash budgeting) is in lower-intermediate level due to small significance level of 0.05 and negative mean difference. Therefore, this hypothesis is confirmed. Amount of using information presented by accounting information system in cash budgeting of branches is low via managers of Tejarat Banks of Kerman Province.

Hypothesis 7: Amount of using information presented by accounting information system in validation of customers is low via managers of Tejarat Banks of Kerman Province.

Analyses showed that this variable is in lower-intermediate level due to small significance level of 0.05 and negative mean difference. Therefore, this hypothesis is confirmed. Amount of using information presented by accounting information system in validation of customers is low via managers of Tejarat Banks of Kerman Province

Hypothesis 8: Amount of using information presented by accounting information system in measuring and evaluating performance of different sectors is low via managers of Tejarat Banks of Kerman Province

Analyses showed that this variable is in lower-intermediate level due to small significance level of 0.05 and negative mean difference. Therefore, this hypothesis is confirmed. The amount of using information presented by accounting information system in measuring and evaluating performance of different sectors is low via managers of Tejarat Banks of Kerman Province

Hypothesis 9: The amount of using information presented by accounting information system for giving reward to bank personnel is low via managers of Tejarat Banks of Kerman Province

Analyses showed that this variable is in lower-intermediate level due to small significance level of 0.05 and negative mean difference. Therefore, this hypothesis is confirmed. Amount of using information presented by accounting information system for giving reward to bank personnel is low via managers of Tejarat Banks of Kerman Province

Hypothesis 10: Amount of using information presented by accounting information system for internal controls is low via managers of Tejarat Banks of Kerman Province.

Analyses showed that this variable is in lower-intermediate level due to small significance level of 0.05 and negative mean difference. Therefore, this hypothesis is confirmed. Amount of using information presented by accounting information system for internal controls is low via managers of Tejarat Banks of Kerman Province.

Table 2: Results obtained from inferential statistic

Hypothesis	Description	Result
1	accounting information system of Tejarat Bank is of high capability to provide information required for cash budgeting of bank branches	Confirmed
2	accounting information system of Tejarat Bank is of high capability to provide information required for validation of customers	Confirmed
3	accounting information system of Tejarat Bank is of high capability to provide information required for measuring and evaluating performance of different sectors	Confirmed
4	accounting information system of Tejarat Bank is of high capability to provide information required for giving rewards to bank personnel	Confirmed
5	accounting information system of Tejarat Bank is of high capability to provide information required for internal controls	Confirmed
6	Amount of using information presented by accounting information system in cash budgeting of branches is low via managers of Tejarat Banks of Kerman Province	Confirmed
7	Amount of using information presented by accounting information system in validation of customers is low via managers of Tejarat Banks of Kerman Province	Confirmed
8	Amount of using information presented by accounting information system in measuring and evaluating performance of different sectors is low via managers of Tejarat Banks of Kerman Province	Confirmed
9	Amount of using information presented by accounting information system for giving reward to bank personnel is low via managers of Tejarat Banks of Kerman Province	Confirmed
10	Amount of using information presented by accounting information system for internal controls is low via managers of Tejarat Banks of Kerman Province	Confirmed

Conclusion and suggestions

The rate of access to information plays a vital role on sustainable development of economic institutes and economic decision of the users. What is important for managers of Banks, companies and institutes are to be informed from companies' events, to settle problems and to identify opportunities. Organizational management needs information to make strategic decisions. This is done by accounting information system. It can be said that financial information, as one of the most important information in organizations, plays an important role on organizational success or failure. Therefore, it is important to identify causes of successes and failures of and to evaluate repeatedly the system in direction of meeting management needs. Most of accounting experts have defined accounting as an information system. In this present research, ability of information systems of Tejarat Bank for presenting reports to managers has been addressed. It was found that accounting information system of Tejarat Bank is of high capability for budgeting, customers' validation, measuring and evaluating performance of different sectors. The Following suggestions are recommended for future researchers:

- studying the ability of accounting information systems of Tejarat Bank in other provinces and comparing results with those of this research
- evaluating the amount of using information presented by accounting information systems of other branches via managers in Kerman province
- studying the ability of accounting information system of other branches in other provinces and comparing the results with those of the research
- evaluating amount of using information presented by accounting information systems of Tejarat Branches in other provinces via managers

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