Accounting Information System Usefulness for Effective Performance of Small and Medium-Sized Enterprises

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ABSTRACT

The development and implementation of a competent Accounting Information System (AIS) is essential to the successful performance and operational efficacy of organisations, particularly in situations when management requires information that is both consistent and accurate in order to make important decisions. However, the precise criteria that underpin the applicability of information, as supplied by AIS, remain insufficiently defined. This is especially true in the context of Small and Medium-Sized Enterprises (SMEs) in the state of Perlis. The primary purpose of this study is to investigate the relationship between financial performance, management performance, and organisational performance towards the usefulness of AIS in the context of SMEs. In detail, financial performance, management performance and organisational performance have been tested as the predictors of the usefulness of AIS towards the performance of SMEs this study. A self-administered questionnaire was used as the study sample in this investigation. The questionnaire was filled out by 233 respondents from SMEs in the state of Perlis. Results presented that a high correlation between AIS and financial performance (r=0.733). Also, results presented moderate corrections between AIS and management performance (r=0.631) as well as AIS and organisational performance (r=0.657. In conclusion, this research proposed a number of suggestions, the most significant of which was to draw more attention to the fact that AIS are useful for achieving an effective performance in the SMEs, particularly in Perlis.

Keywords: Accounting Information System (AIS), Small and Medium-Sized Enterprises (SMEs), Performance

1. INTRODUCTION

Within the dynamic realm of business, characterised by continuous changes, Small and Medium-Sized Enterprises (SMEs) must operate within a complex network of problems and possibilities. To successfully traverse this landscape and thrive in a competitive world, SMEs must harness every tool at their disposal, and one such indispensable tool is the Accounting Information System (AIS). In the realm of corporate management, the utilisation of accounting information stands as a pivotal factor owing to its provision of quantitative insights into various operational aspects. At the heart of this financial information management lies the AIS, designed with a primary focus on enhancing economic decision-making. The significance of AIS becomes evident when we recognise that its effectiveness hinges on the quality of the financial data it processes, as this data constitutes the primary input for a myriad of analytical operations aimed at gauging a company's performance.

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Ismail (2009) found factors influencing AIS effectiveness among manufacturing SMEs in Malaysia and mentioned that AIS is a catalyst for improved decision-making. It serves as a channel through which results are generated, ultimately enhancing the decision-making process (Ibrahim et al., 2020). In essence, AIS should be seen as a means to an end, with that end being the enhancement of company performance through informed choices. Selecting an effective AIS stands to significantly empower SMEs, as well as other organisations, in their contributions to economic growth throughout their day-to-day operations. Furthermore, this study furnishes vital insights essential for the decision-making process, generating pertinent outcomes that can be leveraged for organisational control and performance assessment. The realm of accounting information extends beyond raw data; it generates comprehensive and comprehensible accounting data that serves as the bedrock for decision-making. The information's content and accuracy, as delivered by the system accessible to managerial personnel, emerge as critical determinants of the quality of decisions made by these managers. Therefore, it is evident that AIS assumes a position of paramount importance, applicable to all companies and organisations, regardless of their commercial or non-profit nature.

In the course of their operations, no organisation is exempt from the necessity of making decisions, and AIS serves as the essential tool to facilitate these decisions. Furthermore, an AIS is more than just a tool; it is the lynchpin that bridges the gap between traditional financial management and the dynamic, technology-driven world of today (Soudani, 2012). Beyond raw data, accounting information generates comprehensive and understandable data that underpins decision-making. AIS collect, store, and process financial and accounting data using standard procedures to create relevant information. All organisational decision-makers need this shift (Budiarto et al., 2022).

The usefulness of AIS in Malaysian SMEs is a critical area of study, given the significant challenges these enterprises face in adopting and optimising such systems. Despite the potential benefits, a considerable proportion of Malaysian SMEs struggle with high implementation costs, lack of technical expertise, and resistance to change, which hinder their ability to fully leverage AIS for improved decision-making and operational efficiency. Recent studies indicate a growing need for effective AIS adoption, particularly in light of the accelerated digital transformation driven by the COVID-19 pandemic. This study aims to investigate these challenges and identify strategies to enhance the effectiveness of AIS in Malaysian SMEs, providing practical solutions grounded in current empirical evidence. Recent research can provide a contemporary context and validate the relevance of the study's objectives. For example, a study by Lim et al. (2022) found that SMEs that have successfully implemented AIS reported a 25% increase in financial accuracy and a 30% reduction in processing times for financial transactions. These findings indicate the tangible benefits of AIS and support the argument for wider adoption among Malaysian SMEs. Moreover, the study by Klein and Todesco (2021) highlighted that the COVID-19 pandemic has accelerated the digital transformation in SMEs, making the adoption of AIS more critical than ever. This context is vital for understanding the urgency of addressing the existing challenges and optimising the use of AIS in the current business environment.

The primary purpose of this study is to investigate the relationship between financial performance, management performance, and organisational performance towards the usefulness of AIS in the context of SMEs. Three objectives have been developed using the relationship between the independent (financial performance, management performance, and organisational performance) and dependent variables (usefulness of AIS) towards the effective performance of SMEs. Below are the specific research questions for this study.

- Is there any significance relationship between financial performance and the usefulness of AIS for effective SMEs performance?
- Is there any significance relationship between management performance and the usefulness of AIS for effective SMEs performance?

- Is there any significance relationship between organisational performance and the usefulness of AIS for effective SMEs performance?

2. LITERATURE REVIEW

The success and sustainability of the SMEs are intricately linked to their financial performance, management performance, and organisational performance. In today's dynamic business environment, the role of AIS has become increasingly vital in enhancing decision-making processes and overall operational efficiency within SMEs. This literature review aims to explore the existing body of knowledge on how financial performance, management performance, and organisational performance contributes to AIS in the context of SMEs. Hence, AIS has emerged as an indispensable tool. Within the broader context of performance management, AIS assumes a central role in augmenting an organisation's overall value. Empirical evidence, such as (Ghobakhloo & Tang, 2015), demonstrates that the adoption of AIS invariably correlates with improved performance, increased profitability, and heightened operational efficiency.

The impact of AIS resonates even more profoundly in the realm of sustainable decision-making among organisations (DeLone & McLean, 1992). The deployment of AIS systems stands as a catalyst for improving the quality and sustainability of decision-making. This transformation is rooted in several critical factors: system quality, service quality, information quality, system utilisation, and user satisfaction. The amalgamation of these elements shapes an organisational landscape where decision-making is not just accurate but also resilient, fostering a sustainable future. In essence, AIS has transcended its role as a mere financial tool. It has evolved into a strategic asset that underpins modern organisations' financial management, decision-making processes, and overall resilience (Alshirah et al., 2021). Its integration into an organisation's fabric becomes not just a choice but a fundamental necessity for those aiming to thrive in a complex, technology-driven world (Hudakova & Buganova, 2018).

The Theory-Organisation-Environment (TOE) framework explains technology adoption in organisations and how technological, organisational, and environmental contexts affect technology adoption and implementation. For the research on the impact of AIS on the sustainability of SMEs, the TOE framework is a highly relevant theory. This framework can provide a comprehensive understanding of how various factors influence the adoption and effectiveness of AIS in enhancing organisational performance (Olivera & Martins, 2011).

2.2 Financial Performance and AIS

Previous literature underscores the pivotal role of AIS when integrated with Information Technology (IT) in efficiently managing and controlling an organisation's financial aspects (Phornlaphatrachakorn, 2019; Lutfi et al., 2022). The rapid evolution of technology has revolutionised the financial landscape, providing an opportunity to view accounting data through a strategic lens. Consequently, AIS has become essential for organisations, both for-profit and non-profit, highlighting its universal importance. AIS can be comprehended by dissecting the term into its constituent parts. Accounting is often regarded as the 'business language' and the source of financial information, while information refers to valuable data processing that serves as the foundation for informed decision-making, decisive action, and compliance with legal obligations (Khalid, 2020). Financial performance is critical for SMEs' success, influencing their ability to attract investors, secure financing, and navigate economic challenges. Numerous studies have explored the relationship between AIS and financial performance (Lutfi et al., 2020), emphasising the role of AIS in providing timely and accurate financial information. Scholars such as Ismail (2009) and Nguyen and Nguyen (2020) have demonstrated that effective AIS implementation positively impacts financial reporting, budgeting, and financial decision-making within SMEs. Financial management enhances an AIS by establishing clear financial objectives and ensuring the alignment of AIS processes with strategic financial goals, which improves data relevance, accuracy, and compliance (Romney & Steinbart, 2018).

Given the above literature, hypothesis 1 is proposed as: H_1: There is a significant relationship between financial performance and the usefulness of AIS for effective SMEs performance.

2.2 Management Performance and AIS

AIS plays a crucial role in enhancing performance management by creating a virtuous cycle that fosters improvement while simultaneously dismantling financial and administrative obstacles (Nguyen & Nguyen, 2020). This system meticulously tracks transactions, provides both internal and external reporting data, presents financial statements, and equips organisations with trend analysis capabilities, all of which shape an organisation's performance and market trajectory. The symbiotic relationship between AIS and IT is highlighted by Heo and Han (2003), who describe AIS and IT as encompassing an array of tools and methodologies essential for businesses navigating dynamic environments. Moreover, the mediating role of business process capabilities significantly enhances organisational resilience. AIS capabilities include flexibility, integration with Business Intelligence (BI) systems, and the cultivation of AIS-related human resource competency. The role of AIS extends beyond transaction tracking and financial record-keeping to significantly impact organisation's performance management and internal control implementation. An efficiently functioning AIS system optimises the decision-making process, improves the quality of accounting information, facilitates performance evaluation, enhances internal controls, and streamlines company transactions.

AIS significantly enhances performance management by meticulously tracking transactions, providing crucial reporting data, and presenting financial statements. This system equips organisations with trend analysis capabilities, shaping their performance and market trajectory. The integration of AIS with BI systems and the development of AIS-related human resource competencies further optimise decision-making processes and improve accounting information quality. Moreover, AIS enhances internal controls and streamlines company transactions, creating a virtuous cycle of continuous improvement. Thus, the symbiotic relationship between AIS and performance management fosters organisational resilience and efficiency, driving overall success in dynamic business environments.

Apart from that, management performance refers to how effectively and efficiently managers carry out their responsibilities to achieve organisational goals (Robbins & Coulter, 2019). It refers to the process of systematically setting goals, measuring progress, and taking actions to improve individual, team, and organisational performance. It involves continuous monitoring, feedback, and development to ensure that organisational objectives are achieved effectively and efficiently (Armstrong & Baron, 2005). Effective management performance enhances the functionality of an AIS by optimising system use for accurate data collection, informed decision-making, and strategic resource allocation (Gelinas et al., 2017; Hall, 2015).

Given the above literature, hypothesis 2 is proposed as: H_2: There is a significant relationship between management performance and the usefulness of AIS for effective SMEs performance.

2.3 Organisational Performance and AIS

Organisational performance encompasses a broader perspective, including factors such as innovation, customer satisfaction, and overall competitiveness. Studies by Soudani (2012) and Lutfi et al. (2020) have examined the impact of AIS on organisational performance, emphasising its role in enhancing efficiency, transparency, and adaptability within SMEs. These systems are essential for setting up proper management systems designed to achieve specific organisational objectives (Hou, 2013). Idris and Mohamad (2016) explored the influence of technological, organisational, and environmental factors on AIS, portraying it as a collection of activities within organisations responsible for furnishing financial information gathered through data transactions, primarily for computer-based reporting purposes. AIS seamlessly integrates into the broader Management Information System (MIS), taking charge of financial statements and data transactions. The technology-driven skills of the IT industry meet with AIS methods,

controls, and accounting practices in this complex routine of organisational performance (Lutfi et al., 2020). This integration ensures that AIS serves as the meticulous record-keeper of a business's financial transactions, underpinning the organisation's overall performance and strategic objectives. AIS enhances organisational performance by improving efficiency, transparency, and adaptability, particularly within SMEs. AIS supports management systems aimed at achieving specific objectives, providing essential financial information through data transactions. This integration within broader MIS ensures precise financial reporting, crucial for strategic decision-making. Studies highlight that AIS, influenced by technological, organisational, and environmental factors, serves as a vital tool for innovation, customer satisfaction, and competitiveness, underpinning an organisation's strategic goals and overall performance. Organisational performance impacts the effectiveness of an AIS by driving the need for more accurate, timely, and relevant financial data, which in turn enhances system functionalities and alignment with organisational goals (DeLone & McLean, 2003).

Given the above literature, hypothesis 3 is proposed as: H_3: There is a significant relationship between organisational performance and the usefulness of AIS for effective SMEs performance.

3. RESEARCH METHODOLOGY

This research is conducted based on a quantitative study among SMEs in Perlis and is categorised in the explanatory study. Following that, deductive reasoning is utilised where the basis of this research starts by referring to the TOE framework, developing hypotheses, and collecting and analysing data before the hypothesis can be accepted or rejected (Neuman, 2014). This methodology section provides valuable insights into the survey response rate and respondent profile for this research. The primary instrument was a structured questionnaire distributed to the selected respondents via Google Forms. Each variable was measured using multiple items rated on a Likert scale, ensuring nuanced and detailed responses. Kindly see details as presented in Table 1.

Table 1 Measurements of the Tested Variables

Variables	Instrumentation Method	Measurement Items	Scale
Usefulness of AIS	Structured Questionnaire	Ease of use, impact on operations, user satisfaction	5-point Likert
Financial Performance	Structured Questionnaire	Revenue growth, profitability, cost reduction	5-point Likert
Management Performance	Structured Questionnaire	Goal achievement, decision-making efficiency, strategic alignment	5-point Likert
Organisational Management	Structured Questionnaire	Employee productivity, customer satisfaction, market share	5-point Likert

The questionnaires were distributed through email to SMEs, which were obtained through websites. The questionnaires were distributed using the e-mail. This clarifies how the survey was administered and how the respondents were reached. The collected data was analysed using SPSS, a statistical software commonly used for data analysis in research studies. Frequency analysis was employed in this study to ascertain how the data from the questionnaire was distributed, revealing the number of respondents who selected each category. This method allowed for identifying the most common responses to each question, providing valuable insights into participants' perspectives. These insights are instrumental in making informed decisions regarding the efficacy of AIS. Additionally, Pearson's correlation analysis was utilised to fulfil the research objectives by examining the relationships between variables concerning the usefulness

of AIS in SME contexts. This analysis aids in developing management indicators that effectively enhance SME performance.

The response rate, typically expressed as a percentage, is calculated by dividing the number of completed surveys by the total number of surveys distributed. The response rate is 93.2%. This information is essential as it demonstrates the research's data collection process, the criteria for accepting responses, and the method of data analysis, all of which contribute to the validity and reliability of the research findings. In this study, the target population comprised financial managers, accountants, and IT professionals within SMEs in Perlis who are directly involved with the implementation and use of AIS. Hence, to collect a data from a larger sample in less time and to do that conveniently, convenience sampling technique is used, with the utilisation of the non-probability sampling technique. The selection of the sample size is mandatory which will help in order to reach the study's objectives. To cover an entire population is not possible. The rule of thumb is used to find out the sample size (Number of items in questionnaire (12) x 10). Hence the minimum sample size for this study is 120. Thus, all respondents have been individually entertained and the individual unit of analysis is utilised this study. The study model is presented in Figure 1.
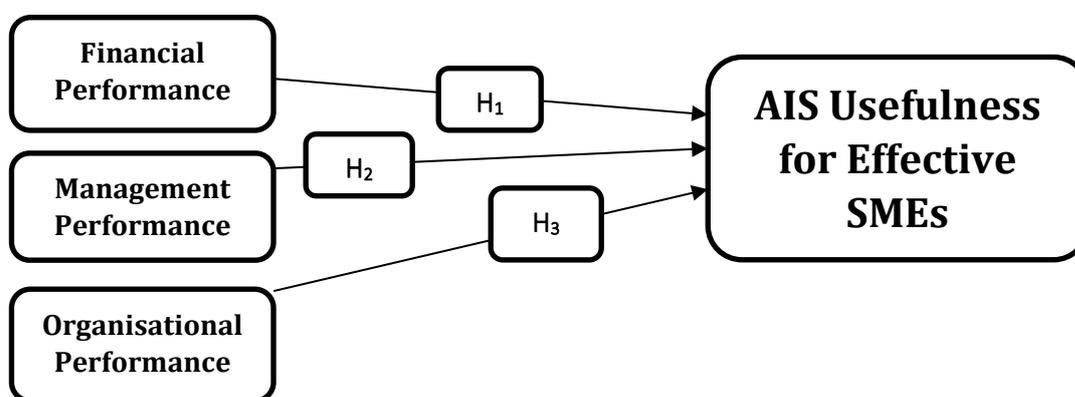

Figure 1. Model of the Study

4. RESEARCH FINDINGS

4.1 Profile of Respondents

In this study, the target population comprised financial managers, accountants, and IT professionals within SMEs in Perlis who are directly involved with the implementation and use of AIS. To create a comprehensive sampling frame, a list was developed from local business directories, industry associations, and professional networking sites, identifying 500 eligible professionals. These professionals were selected based on specific inclusion criteria: they must be employed in an SME in Perlis, hold a relevant professional position, and be directly involved with AIS. Exclusion criteria eliminated those not involved with AIS, those with incomplete profiles, and those working outside Perlis or in larger enterprises. Using a convenience sampling, 250 individuals were selected from the list of 500 eligible professionals, which exceeds the targeted minimum sample size (120). This conveniently selection was performed using a number generator to ensure each individual had an equal chance of being chosen. The 250 selected professionals were then sent questionnaires via Google Forms. Out of these, 233 valid responses were received, resulting in a response rate of 93.2% - see Table 2. Seventeen responses were excluded for not meeting certain standards or requirements. This rigorous sampling process

ensured a representative sample, enhancing the study's validity and reliability by focusing on professionals directly familiar with AIS in SMEs.

<div align="center">Table 2 Response Rate</div>

Item	Total Questionnaire
Number of questionnaires distributed	250
Number of questionnaires collected Back	233
Response rate	93.2%

The profile of respondents is presented in Table 3, tabulated from the data analysis. As can be seen in Table 3, a detailed demographic overview of the survey participants, essential for understanding the diverse perspectives of the respondents is presented. The survey included financial managers (45%), accountants (35%), and IT professionals (20%), ensuring a balanced view from both financial and technical standpoints. The companies represented various industries, with manufacturing accounting for 30%, services for 25%, retail for 20%, technology for 15%, and other sectors for 10%. In terms of company size, 50% had fewer than 50 employees, 30% had 51-100 employees, and 20% had 101-250 employees. The age of the companies also varied, with 40% operating for less than 5 years, 35% for 6-10 years, and 25% for over 10 years. The profile analysis reveals patterns such as newer, smaller technology firms likely reporting higher AIS satisfaction due to their adaptability and tech-savviness, compared to older, larger manufacturing firms that might face integration challenges. Understanding these demographics is crucial for tailoring AIS solutions to different business needs and for guiding future research and policy development. In conclusion, the profile characteristics of the survey participants provide valuable insights into the varied impacts and perceptions of AIS across different business contexts, helping to identify specific needs and challenges within Perlis SMEs.

<div align="center">Table 3 Profile of Respondents</div>

Variables	Categories	Frequency	Percentage (%)
Types of Professions	Financial Managers	105	45
	Accountants	82	35
	IT Professional	46	20
Types of SMEs	Manufacturing Accounts	70	30
	Services	58	25
	Retails	47	20
	Technology	35	15
	Others	23	10
Numbers of Employees	Less than 50 employees	116	50
	51-100 employees	70	30
	101-250 employees	47	20
Length of years of SMEs Operation	Less than 5 years	93	40
	6-10 Years	82	35
	Above 10 Years	58	25

4.2 Descriptive Analysis

According to Borges et al. (2017), descriptive statistics are used to describe and summarise data at the beginning of the analytic process. Descriptive analysis is a statistical method that involves summarising and presenting the main features of a dataset. It is primarily concerned with organising and describing the basic characteristics of the data, rather than drawing inferences or making predictions. Descriptive analysis is commonly used in various fields, including statistics, social sciences, business, and economics, to provide a clear and concise overview of the data. The field of statistics was enhanced by the availability of a vast quantity of data and highly effective

computing techniques. Throughout this study, descriptive analysis concepts were introduced. As a result, a high-quality descriptive analysis can be performed based on a vast amount of information. As indicated in Table 4, it can be seen that mean values for all variables ranged from 4.23 (AIS), 4.22 (financial management), 4.14 (performance management) to 4.15 (organisational performance). In this case, it indicates that most respondents agree with the variable stated since the value stands to agree. The concentration of the data around the mean is used to calculate the standard deviation values; the higher the concentration, the lower the standard deviation value. Similar to how the standard deviation will be low if there are a lot of similarities between the points. In details, the mean score for AIS was 4.23, suggesting that participants perceived AIS as highly effective in providing accurate financial data and supporting decision-making processes within the organisation. Financial management received a mean score of 4.22, indicating that respondents viewed the management of financial resources and budgeting practices favourably. Management performance scored 4.14 on average, indicating that participants perceived managers as proficient in leadership and decision-making roles. Similarly, organisational performance received a mean score of 4.15, suggesting that respondents perceived the overall effectiveness of their organisation in achieving its goals and objectives positively. These high mean values across all variables suggest a generally favourable perception of the key aspects contributing to organisational effectiveness as perceived by the study participants.

Table 4 Descriptive Analysis

	N	Min	Max	Mean	Std. Deviation
AIS	233	2.83	5.00	4.23	.53
Financial Performance	233	3.00	5.00	4.22	.55
Management Performance	233	2.60	5.00	4.14	.52
Organisational Performance	233	2.60	5.00	4.15	.52
Valid N (listwise)	233				

4.3 Reliability Analysis

The reliability analysis has many scales and ratings to consider if the data is accepted. According to Coolidge (2000), the consistency or stability of a measurement is referred to as reliability. If a test or instrument has good reliability, the respondent will get the same score on subsequent tests as long as there are no other factors that affect the score. Since random mistakes are likely to affect repeated assessments of any occurrence, a respondent will often receive the same score throughout tests. Past researchers have suggested that Alpha in the range of 0.65 and above is considered good which is acceptable (Robson, 2002). Reliability analysis is presented in Table 5. An AIS is the dependent variable in the study, it represents the Cronbach's Alpha values of 0.823, followed by 0.782 for financial performance. Next, Cronbach's Alpha value for performance management is 0.750, and finally for organisational performance is 0.740. The composite reliability values, which range from 0.740 to 0.823, are above acceptable levels. Thus, all of the Cronbach alpha values in this study are good (0.71-0.91) according to Taber (2018).

Table 5 Reliability Analysis

Variables	Number of Items	Items Dropped	Cronbach's Alpha
Accounting Information System	6	-	.823
Financial Performance	4	-	.782
Management Performance	5	-	.750
Organisational Performance	5	-	.740

4.4 Pearson Correlation Analysis

Pearson's correlation coefficient measures the statistical relationship between continuous variables. Multicollinearity is a statistical concept describing a model with correlated multiple independent variables. The results of the Pearson correlation analysis are shown in Table 6. According to the result, all variables are positively significant, and the Pearson correlation values are all close to 1.

Table 6 Pearson Correlation Analysis

Variables	1	2	3	4
1. AIS		.733**	.631**	.657**
		<.001	<.001	<.001
2. Financial Performance	.733**		.717**	.740**
	<.001		<.001	<.001
3. Management Performance	.631**	.717**		.757**
	<.001	<.001		<.001
4. Organisational Performance	.657**	.740**	.757**	
	<.001	<.001	<.001	

First, there is a high correlation between AIS and financial performance, with a correlation coefficient of 0.733. Thus, hypothesis 1 is accepted in this study. Second, this study found a moderate correction between management performance and AIS with r= 0.631, indicating a significant relationship between those two variables. Thus, hypothesis 2 is accepted in this study. Third, organisational performance has a 0.657 correlation coefficient with AIS, indicates a moderate association between the two variables. This imply a conclusion that hypothesis 3 is also accepted in this study. Overall, according to Hair (2009), the Pearson correlation values indicate that there are two moderate correlations between the management performance and organisational performance towards AIS, meanwhile other relationship revealed a high correlation between financial performance and AIS – See Table 6. This study reveals significant correlations among key variables.

Firstly, there is a high correlation of 0.733 between AIS and financial performance, affirming the acceptance of hypothesis 1. Secondly, the moderate correlation of 0.631 between management performance and AIS supports the acceptance of hypothesis 2, highlighting the interdependence between these factors. Thirdly, the 0.657 correlation coefficient between AIS and organisational performance supports the acceptance of hypothesis 3, indicating their interconnectedness. Overall, these Pearson correlation findings underscore the critical role of AIS in influencing financial, management, and organisational performance. The study suggests that while AIS significantly enhances financial performance, it also plays a crucial role in shaping management effectiveness and overall organisational success, as detailed in Table 6.

5. DISCUSSION

Based on the findings from this study conducted among SMEs in Perlis, it is evident that there are significant correlations between AIS and various aspects of organisational performance. Firstly, the high correlation ($r = 0.733$) observed between AIS and financial performance underscores the pivotal role of AIS in enhancing financial management practices within SMEs. This correlation confirms the importance of AIS in providing accurate financial data and supporting informed decision-making processes among financial managers and accountants.

Secondly, the moderate correlation (r = 0.631) found between management performance and AIS highlights the synergistic relationship between effective management practices and the utilisation of AIS. This correlation suggests that effective management, supported by robust AIS systems, contributes to improved operational efficiencies and strategic decision-making capabilities within SMEs.

Thirdly, the correlation coefficient of 0.657 between AIS and organisational performance indicates that AIS significantly influences overall organisational SMEs effectiveness. This finding implies that SMEs leveraging AIS effectively are better positioned to achieve their strategic goals and enhance their competitive advantage in the marketplace.

The survey, which included financial managers (45%), accountants (35%), and IT professionals (20%), provided a balanced perspective from both financial and technical viewpoints. The diverse representation across industries such as manufacturing (30%), services (25%), retail (20%), technology (15%), and others (10%) ensures that the findings are applicable across different sectors. Moreover, the varying company sizes and ages further validate the broad applicability of the study's conclusions, with 50% of the companies having fewer than 50 employees, indicating insights relevant to smaller enterprises.

This study underscores the critical role of AIS in enhancing financial management practices, improving management effectiveness, and ultimately boosting organisational effectiveness within SMEs in Perlis. The findings suggest that investments in AIS infrastructure and capabilities can yield significant benefits, enabling SMEs to navigate competitive challenges more effectively and sustain long-term growth.

6. CONCLUSION

This study has demonstrated significant correlations between AIS and key performance indicators within SMEs in Perlis. The high correlation between AIS and financial performance (r=0.733) highlights its pivotal role in enhancing financial management practices. Additionally, the moderate correlations observed between AIS and management performance (r=0.631) as well as AIS and organisational performance (r=0.657) underscore the integrated impact of AIS on overall operational efficiency and strategic decision-making capabilities within these organisations.

According to the TOE framework, technological context refers to the characteristics of the technology itself and how it interacts with organisational processes. The high correlation between AIS and financial performance (r=0.733) underscores AIS as a critical technological component that enhances financial management practices. This finding suggests that SMEs adopting advanced AIS technologies are better equipped to streamline financial operations, improve accuracy in financial reporting, and facilitate real-time decision-making. In the organisational context, the TOE framework emphasises organisational factors that influence technology adoption and implementation. The moderate correlations observed between AIS and management performance (r=0.631) and AIS and organisational performance (r=0.657) highlight the organisational benefits derived from effective AIS utilisation. These correlations imply that SMEs with well-integrated AIS systems experience improved management effectiveness and overall organisational performance. Such systems enable better resource allocation, operational efficiency, and strategic alignment with organisational goals. While, the environmental context in the TOE framework considers external factors influencing technology adoption, such as market dynamics and competitive pressures. For SMEs in Perlis, leveraging AIS effectively (as indicated by the study's findings) can enhance their adaptive capabilities in a competitive business environment. AIS enables SMEs to respond swiftly to market changes, comply with regulatory requirements, and capitalise on emerging opportunities. Overall, applying the TOE framework to interpret these findings underscores the strategic importance of AIS in enhancing SMEs'

technological capabilities, organisational efficiencies, and adaptive capacities within the dynamic business environment of Perlis.

The practical implication suggests that investing in advanced AIS technologies can streamline financial management practices, improving accuracy in reporting and enhancing profitability. Next, integrating AIS into strategic decision-making processes empowers management with timely insights, supporting informed decisions and efficient resource allocation. Lastly, leveraging AIS capabilities enhances organisational capabilities, fostering productivity, customer service, and overall operational effectiveness. These implications underscore the importance for SMEs to embrace AIS as a tool for operational excellence and sustainable growth in a competitive business environment.

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