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By Emad Harash
Madenat Alelem University

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I. Introduction

Small and medium enterprises (SMEs) regardless of its size has to be effectively and successfully managed for it to grow, remain competitive and survive. The SMEs in Iraq have been chosen primarily because these enterprises play a significant role in the development of the industry in the country in general. Private SMEs are typically held directly or indirectly by the private sector. SMEs are gaining widespread acceptance as viable drivers of economic growth (Harash, 2014; Harash, 2015). According to previous empirical studies shows that SMEs in developing countries are markedly supporter and attraction economic prosperity (Harash, 2013; Harash, 2014; Harash, 2015; Njogo & Safiriyu, 2012; Olatunji, 2013). Available data from the Central Organization for Statistics (COS) indicates that private sector in Iraq consists primarily of SMEs where are a focal point in shaping enterprise policy and those represent (99) percent of all companies in Iraq (Harash, 2013; Harash, 2014; Harash, 2015).

SMEs are the building blocks of any growing economy. SMEs have tremendous influence on the state and wellbeing of the nation in employment generation and rapid substantial industrial development and key to ensuring economic growth, innovation, job creation, and social integration (Njogo & Safiriyu, 2012; Olatunji, 2013). This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment و introduce innovations, stimulate competition and assist large companies (Harash, et al. 2013; Njogo & Safiriyu, 2012; Olatunji, 2013). However, several of these enterprises demise without fulfilling expectations due to poor internal administration policies arising from weak design of an effective accounting information system enhances accounting performance of SMEs (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015). It has been discovered that lots of SMEs shut down before they can achieve their goals a result of poor internal administration policies arising from weak design of accounting information system in SMEs (Harash, 2014; Harash, 2015; Olatunji, 2013, Njogo & Safiriyu, 2012).

They studies on how SMEs can use accounting information system to meet the challenges imposed by rapidly changing technology and increasing global competition are limited. Previous empirical studies Hla & Teru, (2015) and Hunton, (2002) provide strong evidence that relationship between accounting information system and accounting performance have mainly concentrated on large companies. These studies provide strong evidence that suggests accounting information system are associated with the accounting performance of large companies. These studies provide strong evidence that suggests accounting information system are associated with the accounting performance of large companies. Due to inconsistency in the findings of previous studies on the accounting information system that may influence accounting performance. Generally, there have been a large number of studies conducted on accounting information system.

However, the number of the studies on accounting information system in SMEs institutions was shown to be relatively small. In addition, most research in the area of accounting information system in SMEs has been conducted among populations from developed countries namely the U.S. and Europe, compared to studies on accounting information system in SMEs in developing countries are limited (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015). This study intended to empirically examine the relationships between accounting information system and accounting performance in SMEs. its provides to the decision

Author: Department of Accounting, Madenat Alelem University College, Baghdad, Iraq. e-mail: emadharesh@yahoo.com

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makers in SMEs a method in order to determine of level of accounting performance of Iraqi SMEs.

II. Accounting Performance of SMEs

The performance plays an important role in the development and growth in any company to survive. Traditionally accounting performance has been based on the income statement and balance sheet (Harash, 2014a). Accounting performance is not only necessary for giving reasonably high returns to the organization. Its thus flags up some vital issues for studying and revising budgetary practice that correlate to the higher goals of the organization. It is also the key to avoiding the combination of factors has a negative influence on the efficiency and performance of organizations (Otley, 1999).

Accounting performance is considered a management initiative to upgrade the accuracy and timeliness of financial information and non-financial to meet the required standards while supporting day to day operations (Tarawneh, 2006). The accounting performance refers to the level of companies‟ financial measures such as earnings and accounting returns and non-financial (drivers of value) such as customer and employee satisfaction, innovation and quality relative to their major competitors over the some years (Harash, 2015).The accounting performance of SMEs represents one of the most problematic aspects of performance; that is why it has gained the attention of many scholars and researchers (Harash, et al. 2013). Thus, measuring accounting performance has become a fundamental concern to SMEs managers in the Previous years (Harash, 2014a). Such trends encouraged academicians and practitioners to develop and adopt specific approaches and methods for measuring and evaluating the accounting performance of SMEs (Harash, 2014; Harash, 2015). Accordingly, the significance of AIS has been raised from the problems that accompanied the measurement of accounting performance of SMEs. Moreover, the significance of AIS has been raised from the problems that accompanied the measurement of accounting performance of SMEs.

This difficulty stems from the interrelation between the exerted efforts and the contribution of the groups of people who work on the AIS cannot be determined objectively. Second is the difficulty in quantifying the beneficial contribution of AIS to the enterprises (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015). Third is matching the specific inputs of AIS and processing or intermediating the outputs with the final outcomes (including newly improved and developed products and processes. According to studies Harash (2014) and Harash (2015) the present study uses the following accounting performance indicators: financial measures such as earnings and accounting returns and non-financial (drivers of value) such as customer and employee satisfaction, innovation and quality.

a) Accounting information system (AIS)

Important information comes from accounting information systems. As a consequence, processing the accounting information is one of the most decisive elements of the pre-decisive, i.e. pro decisive process of accountants, consultants, business analysts, managers, chief financial officers (CFOs), auditors and regulatory and tax agencies (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015). Therefore, accounting information system (AIS) is a system of collecting, storing and processing financial and accounting data that are used by decision makers by management or externally by other interested parties including investors, creditors and tax authorities (Kebede Manaye, 2016). AIS are critical to the production of quality accounting information provide accurate and timely reports and the communication of that information to the decision makers (Harash, 2014; Harash, 2015). AIS is vital to all organizations, designed to help in the management and collect information, raw data or ordinary data and transform them into financial data for the purpose of reporting them to decision makers and control of topics related to organization (Dandago & Rufai, 2014; Harash, 2014; Harash, 2015). AIS is system used to collection and recording of data and information regarding events that have an economic impact upon organizations and the maintenance, processing and communication of such information to both internal and external stakeholders (Olusola et al. 2013). AIS is also system used to provide internal and external reporting data, financial statements and trend analysis capabilities to affect an organizational performance (Fagbemi & Olaoye, 2016).

AIS is computer based system that increases control and enhances cooperation in the organization (Nicolau, 2000). AIS is one of the core success factors that effectively support the achievement of accounting and financial objectives, improve strategic effort of SMEs and improve data sharing and integrity. AIS also provide an opportunity to update procedures and align them with perceived examples of best practice (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015). AIS is of great importance to both businesses and organization in which it helps in facilitating decision making because adequate accounting information is essential for every effective decision making process The main objective s of many businesses to adopt this system are to improve their business efficiency and increase competitiveness (Hla & Teru, 2015).

Another critical problem faced by Iraqi SMEs is that most SMEs do not apply sound accounting information system principles due to lack of regulatory resources and new technological resources. There is a need for a comprehensive understanding of the

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performance of the SMEs sector in Iraq. Using accounting information system and how using AIS impact accounting performance (Harash, 2014; Harash, 2015). As a result, it is still necessary to address how using AIS correlate with accounting performance of Iraqi SMEs. Therefore, conducting such research is timely and pertinent since the existing limited studies showed that using AIS was the weakest area in most Iraqi SMEs (Harash, 2015).

According to Harash (2014) and Harash (2015) this kind of research on using AIS is still lack in its implementation in Iraq. Based on the information obtained from the literature, this study will focus of investigate the using AIS and how using AIS affecting on accounting performance of Iraqi SMEs. Thus, the current study is examining the effect of using AIS system on accounting performance of Iraqi SMEs. The present study uses the following AIS indicators (used by study Harash, 2015): characteristics of information such as reliability, relevance, and timeliness.

b) Accounting information system and accounting performance in SMEs

According to studies Fagbemi & Olaoye (2016), Harash (2014) and Harash (2015) accounting information system have become an important component for SMEs in the all sectors to cope with intense competition and to meet customers' needs. Analyzing the role that accounting information system can play in providing SME managers with relevant and accurate information can strengthen SMEs' impact on the economic wellbeing of the areas in which they operate.

Previous empirical study to Beke (2010) and Fagbemi & Olaoye (2016) found that there is no one best accounting information system for all companies; rather, an organization's systems should be contingent on the circumstances it faces. Previous empirical studies to Beke (2010), Fagbemi & Olaoye (2016), Harash (2014) and Harash (2015) suggested that a contingency theory approach can be used to shed light on the application of accounting information system and its impact on accounting performance in SMEs. To date, few studies have examined the role that accounting information system play on the accounting performance in SMEs. According to contingency theory, accounting performance in SMEs will improve if there is a suitable fit between the accounting information system and this performance.

Although some researchers lend some support to the idea that greater use of accounting information system is positively linked to the accounting performance of an enterprise, in many cases, their findings are inconclusive Although some researchers lend some support to the idea that greater use of accounting information system is positively linked to the accounting performance of an enterprise, in many cases, their findings are inconclusive (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015). Many have noted this effect but few studies to date have investigated the effect of accounting information system on the accounting performance in SMEs (Harash, 2014; Harash, 2015). For example, Previous empirical studies (Fagbemi & Olaoye, 2016; Foong, 1999; Harash, 2014; Harash, 2015) found that SMEs that operate in a highly complex environment make more extensive use of accounting information system tools to improve accounting performance. Thus, it is expected that a good fit between accounting information system and accounting performance should improve SMEs performance.

Study Fagbemi & Olaoye (2016) was concluded that accounting information systems would significantly influence the accounting performance of SMEs. Therefore, it was recommended that SMEs that adopt computerized accounting information system should ensure that the level of computerization improves in line with current level of advancement in technology.

Previous empirical studies Beke, 2010 and Pollock & Cornford, 2004) suggested that there is an improvement in accounting performance and decision making associated with using AIS since AIS records ensure easy access to information records that are properly kept. This studies argued that AIS also provide an opportunity to update procedures and align them with perceived examples of best practice.

The relationship between accounting Information systems and SMEs performance was conducted by Harash (2014), who tested the influence of characteristics enjoyed by the accounting information in determining SMEs' performance. It was found that the characteristics enjoyed by the accounting information such as: reliability, relevance, timeliness, and accessible have significant effects on the use of AIS and SMEs' performance.

Ultimately, the goal is to develop a testable model of the relationship between accounting performance in SMEs and the using of accounting information system and, in turn, the system effect on accounting performance in SMEs. Traditional difficulties that SMEs face in using of accounting information system have been complicated by advances in manufacturing technology (Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015) Therefore, business administrators and accounting professionals have developed several new accounting information system to deal with them. New accounting information systems can improve the relevance and quality of information that management needs to keep the organization running smoothly (Beke, 2010, Fagbemi & Olaoye, 2016; Harash, 2014; Harash, 2015).

Based on the review of this study, accounting performance becomes a critical issue and many studies dealt with this subject from many respects. The study

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tries to deal with many issues of accounting performance. its discusses one of the important issues: (the status and conditions of accounting information system (AIS) activities and accounting performance. this study will shed light on how accounting information system significantly affect accounting performance of Iraqi SMEs.

III. Contingency Framework

Contingency theory suggests that an accounting information system should be designed in a flexible manner. It's also need to be adapting to the specific decisions being considered so as to consider the environment and organizational structure confronting an organization (Dandago & Rufai, 2014). Information technology and accounting information system in the nigerian banking industry. Asian Economic and Financial Review, 4(5), 655-670.). The theoretical framework developed in this study is based on conceptual Contingency Theory. Most of the research in contingency theory is built on their frameworks to show the relationships between variables on the particularity in the early phases of development, Thus, the majority of frameworks of contingency Theory have assumed that the relationships between variables are linear (suhal, 2014).

The proposed framework suggests that in order to improve performance, managers of SMEs should devote particular attention to their use of accounting information system, taking care to adopt the systems best tailored to their special circumstances. Thus, this leads to developed frameworks of research based contingency where "a conditional association of two or more independent with a dependent outcome is hypothesized." Claimed that the ultimate goal of the research in contingency of accounting should be to develop and test a comprehensive framework or model that includes multiple elements of accounting information systems with accounting performance variables. In line with this rationale:

H- Accounting information system has a positive direct effect on accounting performance in SMEs.

Along with the hypothesis presented above, the framework highlights contingency theory to explain the relationships between accounting information system and accounting performance in SMEs. The development of hypotheses of this study depends on the prior relevant literature and empirical studies conducted. As well as based on the theoretical framework that presented by the current study (see Figure:1). This theoretical framework is designed to take into account and reflect all significant financial and non-financial factors that evaluate and examine the SMEs accounting performance.

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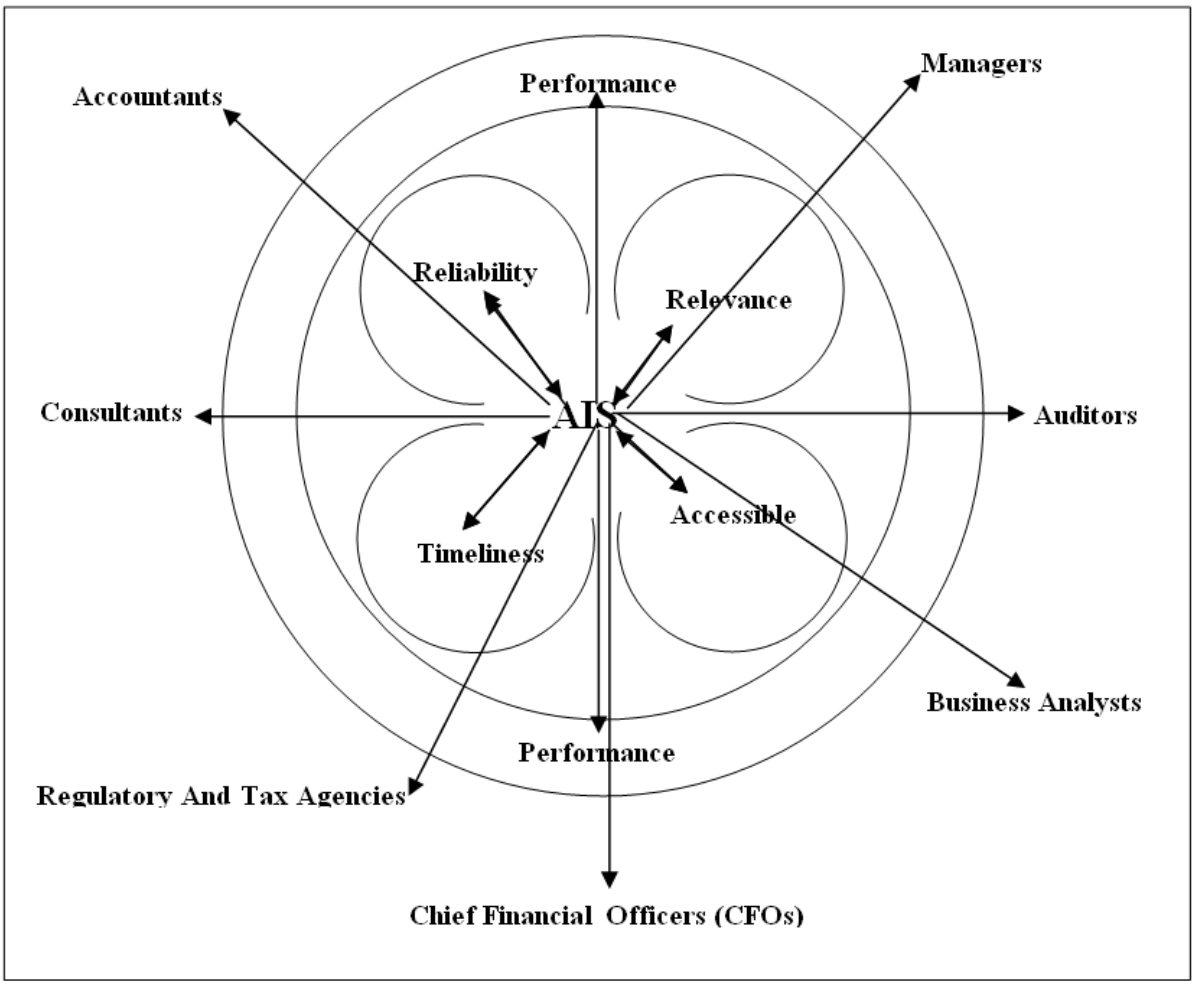

IV. Conclusions

This study discussed the theoretical framework and pointed out to the literature review that can be used and useful to apply the theoretical framework through the availability of indicators that will be used in testing the theoretical framework. Accounting performance plays an important role in the development and growth in SMEs to survive. it's not only necessary for giving reasonably high returns to the organization. its thus flags up some vital issues for studying and revising budgetary practice that correlate to the higher goals of the SMEs. Efficient accounting information systems ensures that all levels of management get sufficient, adequate, relevant and true information for planning and increases the control and enhances the accounting performance in SMEs also provide an opportunity to update procedures and align them with perceived examples of best accounting performance and improve strategic effort of SMEs and improve data sharing and integrity. empirical testing is needed to the expansion of literature on improving accounting performance in SMEs. Subsequent research will expand this survey to include other variables such as accounting practices, in evaluating the adoption of accounting information system in SMEs.

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