



## **Evaluating the Impact of Accounting Information Systems on Organizational Effectiveness in Nepal**

**Dr. Alok Kumar<sup>1</sup>**

Dean - Management Studies,  
Singhania University, Pacheri Bari, Jhunjhunu (Raj)  
email: [kumarak1975@gmail.com](mailto:kumarak1975@gmail.com)

**Purushottam Subedi<sup>2</sup>**

Research Scholar Of Management Studies,  
Singhania University, Pacheri Bari, Jhunjhunu (Raj)

**Abstract-**Focussing on both public and private sector companies, this paper looks at how Accounting Information Systems (AIS) affect organisational effectiveness in Nepal. The main goals were to evaluate AIS acceptance degree, investigate its correlation with organisational performance, spot implementation difficulties, and suggest ways to enhance AIS methods. Using a standardised questionnaire, a quantitative research project was conducted gathering primary data from 200 respondents from different companies. Sectoral representation was guaranteed using stratified random sample. SPSS was used for data analysis employing descriptive statistics, correlation analysis, regression, t-tests, and exploratory factor analysis. Particularly in private companies, the results showed a strong degree of AIS adoption that benefits financial efficiency, decision-making, and openness. Regression and correlation studies verified a noteworthy link between AIS use and better organisational results. Among the main difficulties found by factor analysis were lack of technical knowledge, poor infrastructure, and change opposition. Moreover, t-tests underlined clear variations in AIS efficacy between public and private sectors. The results highlight the strategic requirement of AIS in improving organisational performance as well as the need of focused interventions in public institutions. This study offers a useful structure for companies and legislators trying to increase general efficiency in the Nepalese situation and enhance AIS application.

**Keywords-** Accounting Information System (AIS), Organizational Effectiveness, Nepal, System Adoption and Performance Analysis



## **1. Introduction**

The management of organisational functions now depends much on technology in the current corporate environment. The Accounting Information System (AIS) is among the most important technological instruments companies nowadays use (Beg, 2018). Designed to gather, analyse, and document financial data, AIS is a systematic system that helps companies in financial management, decision-making, and keeping compliance with different laws. Its consistent financial data improves operational effectiveness, openness, and strategic planning. In the framework of Nepal, a developing nation with rising technology acceptance, the influence of AIS on organisational effectiveness is a pertinent and significant field of research (Teru et al., 2017). Organisational effectiveness is the capacity of an entity to regularly and effectively meet its goals over time. This includes keeping correct records, making wise decisions, cutting running expenses, and adjusting to corporate environment changes. AIS provides real-time data analysis, simplifies financial operations, and lowers manual errors, so directly helping these goals (IM Alnajjar, 2017). Timeliness and accuracy of financial data help companies to better plan, control resources, and attain more responsibility. AIS can thus be rather important in improving general organisational effectiveness. AIS has been increasingly used in Nepal, particularly among banks, multinational corporations, and larger firms implementing ERP systems and complex accounting software (Patel, 2015). Public organisations and many small and medium-sized businesses (SMEs) still use conventional or semi-digital accounting systems. The unequal acceptance of AIS across several industries offers a chance to look at how AIS use connects with performance. Knowing this link would enable many sectors—especially Nepal's expanding private sector—to support digital transformation (Hla & Teru, 2015).

The legislative and financial context of Nepal also shapes AIS deployment there. Companies are under more and more pressure to keep open records and follow national norms for reporting their financial situation. Demand for automated accounting solutions has increased with government support of digital taxation, e-filing, and VAT compliance. Regulatory agencies like the Inland Revenue Department (IRD) urge companies to move from paper-based accounting to digital systems, therefore creating a suitable atmosphere for the acceptance of AIS (Saeidi, 2014). AIS success depends also on the human resource element. Workers must receive training so they may apply these methods properly. While several Nepalese schools and universities have included accounting software into their courses, there still is a discrepancy between theoretical knowledge and actual application (Onaolapo & Odetayo, 2013). Companies have to make training investments, foster encouraging change-oriented culture, and grow supporting executives. Without these, AIS might not realise its best potential and the expected advantages might not show up. Adoption of AIS in Nepal presents numerous difficulties notwithstanding its benefits. Among these are expensive starting expenses, ignorance, inadequate internet access in rural areas, and worries about data security (Sharma, 2013). Many companies are reluctant to use digital systems because of worries about cyberattacks or their difficulty of installation. Awareness campaigns, reasonably priced tools, and improved technical assistance catered to Nepalese companies help to remove these obstacles (Petter et al., 2008).



The COVID-19 epidemic underlined even more the need of digital systems since companies who had already used AIS were more suited to manage remote operations and preserve continuity. Without being personally in offices, they were able to handle transactions, create reports, and track financial performance (Bushman & Smith, 2005). This proved that AIS increases resilience during crisis as well as efficiency. This paper seeks to investigate how AIS affects Nepal's organisational efficiency. It will look at the advantages and drawbacks of AIS, the difficulties companies have implementing, and the elements behind effective adoption (Bushman & Smith, 2001). The study will also provide doable tactics to improve the influence of AIS on strategic and operational performance. Modern financial management depends on AIS in a major part. Adopting and properly deploying AIS would help Nepalese companies trying to expand and compete in a digital environment greatly enhance organisational results. Understanding its influence helps companies, teachers, and legislators to make wise decisions supporting digital transformation and advancing long-term effectiveness (Nicolaou, 2000).

## **2. Literature Review**

(Bhattarai et al., 2025) This study examines how Management Accounting Practices (MAPs) impact performance in Nepalese commercial banks. Analyzing 345 survey responses, it found strong links between MAPs—like budgeting, costing, benchmarking, and TDABC—and improved efficiency, planning, and customer satisfaction. The study underscores MAPs' strategic value but notes limited generalizability due to sector focus and self-reported data.

(Khadka et al., 2025) This study explores success factors for SMEs in Nepal, surveying 366 owners and managers. Key predictors of perceived success were business record keeping and market forces, with financial management and owner commitment also contributing. Risk management and internal control showed no significant impact. The study emphasizes prioritizing formal record-keeping and market-driven strategies in Nepal's SME development.

(Chowdhury et al., 2024) This study investigates the impact of Accounting Information Systems (AIS) on decision-making and performance in Bangladeshi commercial banks. Surveying 400 respondents, it finds that technological resources, relevance, and reliability significantly influence AIS-based decisions, enhancing organizational performance. Private banks and trained personnel use AIS more effectively, while gender and experience show no impact.

(Subedi & Sharma, 2024) This study explores how management practices influence Accounting Information System (AIS) effectiveness in Nepali commercial banks. Using the TOE and UTAUT frameworks, it highlights the importance of IT governance, staff training, and top management support. Findings reveal that effective management enhances AIS performance, while challenges like poor infrastructure and resistance to change limit success.

(Chiranjeeve Khadka et al., 2024) With a focus towards sustainability and performance, this study assesses accounting and financial management policies in agricultural cooperatives in Tulsipur, Nepal. By means of varied approaches, it underlines the importance of current reporting, personnel development, and strong financial plans. Marketing and technical support still present difficulties even with computerised methods. For long-term success, it promotes increasing policy understanding and strengthening of leadership.

### Literature Summary

Author /Year	Methodology	Limitation	Research Gap
(Ais & Rahman, 2023)	SPSS-based linear regression on data from 11 commercial banks in Madhesh Province.	Focus limited to one province, reducing generalizability across all Nepali banks.	Lack of studies linking managerial accounting knowledge to AIS effectiveness in Nepal.
(Asrorudin et al., 2023)	Exploratory factor analysis using varimax rotation on structured survey data from listed companies.	Used only quantitative methods with limited techniques and a small sample size, reducing generalizability.	Lack of comprehensive studies on modern management accounting techniques' impact on decision-making in Nepal.
(NDAKS & YUSUF, 2022)	Panel data analysis of 50 Nigerian companies' annual reports using PPMC, fixed, random, pooled models.	Focused on Nigerian manufacturing sector only; limited sample size; potential bias in financial reporting data.	Limited studies on IFRS impact on tax payable in developing countries with XBRL adoption context.
(Dahal, 2021)	Quantitative survey of 385 respondents from 18 listed Nepalese manufacturing companies using structured questionnaires.	Limited to listed manufacturing companies; survey restricts detailed responses; larger sample could improve validity	Lack of studies on MATs impact on organizational performance in broader Nepalese manufacturing industry contexts.
(Al-Delawi & Ramo, 2020)	Data from ten Iraqi petroleum companies (2001–2018) analyzed using STATA with Robust SE and GMM.	Only three AIS factors studied; limited to petroleum sector in Iraq; used only two analysis techniques.	Need broader sector and country inclusion; more AIS factors and advanced analysis methods for future research.

### Research Objectives:

- To evaluate the extent to which Accounting Information Systems are adopted by public and private organizations in Nepal.
- To analyze the relationship between AIS implementation and organizational performance metrics such as efficiency, transparency, and decision-making.
- To identify the key challenges faced by Nepalese organizations in the effective adoption and utilization of AIS.
- To provide recommendations for improving AIS practices to enhance organizational effectiveness in the Nepalese context.



### 3. Research Methodology

#### 3.1 Research Design

This work uses a descriptive, quantitative, causal-comparative research design. While the causal-comparative technique is utilised to investigate the relationship between AIS deployment and organisational success, the descriptive element helps to outline the present acceptance level and use of Accounting Information Systems (AIS) in Nepalese companies. This design is suitable since it lets the researcher investigate statistical links between objects and measure them objectistically. The study aims to have a comprehensive knowledge of AIS influence in various organisational environments by including public and private sector companies in Nepal.

#### 3.2 Population and Sampling

The population of this study includes employees and managers working in finance, accounting, and IT departments of Nepalese organizations that have implemented or are in the process of implementing AIS. A **stratified random sampling technique** will be employed to ensure representation from various sectors (e.g., government offices, banks, manufacturing companies, and NGOs). A sample size of approximately **200 respondents** is planned to ensure statistical validity and generalizability of results. The inclusion criteria will focus on organizations that have used AIS for at least one year.

#### 3.3 Data Collection Methods

Primary data will be collected through a structured **questionnaire survey**, which will include both closed-ended and Likert-scale-based questions. The questionnaire will be divided into sections addressing each research objective, covering:

- Level of AIS adoption
- Perceived impact on organizational effectiveness (e.g., decision-making, transparency, performance)
- Challenges faced during adoption
- Suggestions for improvement



The questionnaire will be pre-tested on a small sample to ensure clarity and reliability. Secondary data will also be reviewed from financial reports, audit records, and existing literature to support the analysis.

### 3.4 Research Hypotheses

The study proposes the following hypotheses based on the research objectives:

- **H1:** There is a significant level of adoption of AIS among public and private organizations in Nepal.
- **H2:** There is a positive relationship between AIS implementation and organizational effectiveness.
- **H3:** Nepalese organizations face significant challenges in the adoption and utilization of AIS.
- **H4:** Improved AIS practices are significantly associated with enhanced organizational outcomes such as operational efficiency, transparency, and strategic decision-making.

### 3.5 Variables

- **Independent Variable:**
  - Adoption and implementation of Accounting Information Systems
- **Dependent Variables:**
  - Organizational effectiveness (measured in terms of operational efficiency, decision-making quality, transparency, and financial performance)
- **Control Variables:**
  - Type of organization (public/private), size of the organization, level of ICT infrastructure

### 3.6 Data Analysis Techniques

The collected data will be analyzed using **SPSS** or **similar statistical software**. The following techniques will be used:



- **Descriptive Statistics:** Frequency, mean, and standard deviation to summarize responses.
- **Correlation Analysis:** To test the relationship between AIS and organizational effectiveness.
- **Regression Analysis:** To evaluate the impact of AIS implementation on performance indicators.
- **ANOVA/T-Test:** To compare perceptions across different types of organizations.
- **Factor Analysis:** To identify underlying constructs in AIS usage and perceived effectiveness.

### 3.7 Reliability and Validity

To ensure the reliability of the instrument, **Cronbach's Alpha** will be used to test internal consistency. A value above 0.70 will be considered acceptable. **Content validity** will be ensured through expert review of the questionnaire, and **construct validity** will be checked through factor analysis.

### 3.8 Ethical Considerations

The research will adhere to ethical standards, including:

- Obtaining informed consent from participants.
- Ensuring anonymity and confidentiality.
- Using the data solely for academic purposes.
- Providing participants the right to withdraw at any stage.

## 4. Data Analysis

To fulfill the objectives of this study, the collected data was analyzed using **SPSS** statistical software. Both descriptive and inferential statistical techniques were applied. The primary goal of the analysis was to understand the level of AIS adoption, evaluate its impact on organizational effectiveness, identify challenges, and provide improvement recommendations. The following techniques were used:



1. **Descriptive Statistics:** To summarize data through frequencies, means, and standard deviations.
2. **Correlation Analysis:** To assess the relationship between AIS usage and organizational performance.
3. **Regression Analysis:** To evaluate the predictive impact of AIS components on organizational outcomes.
4. **ANOVA/T-Test:** To compare differences in AIS perception across sectors (e.g., public vs. private).
5. **Exploratory Factor Analysis (EFA):** To identify latent variables related to AIS effectiveness and implementation challenges.

Objective 1: To evaluate the extent to which Accounting Information Systems are adopted by public and private organizations in Nepal.

**Table 1: Descriptive Statistics on AIS Adoption Level**

AIS Components	Mean	Std. Deviation	Interpretation
Use of automated accounting tools	4.2	0.63	High
Real-time financial reporting	3.9	0.78	Moderate to High
Integration with other systems	3.7	0.85	Moderate
Use of data security protocols	4.1	0.59	High
Overall adoption level	3.98	0.62	High

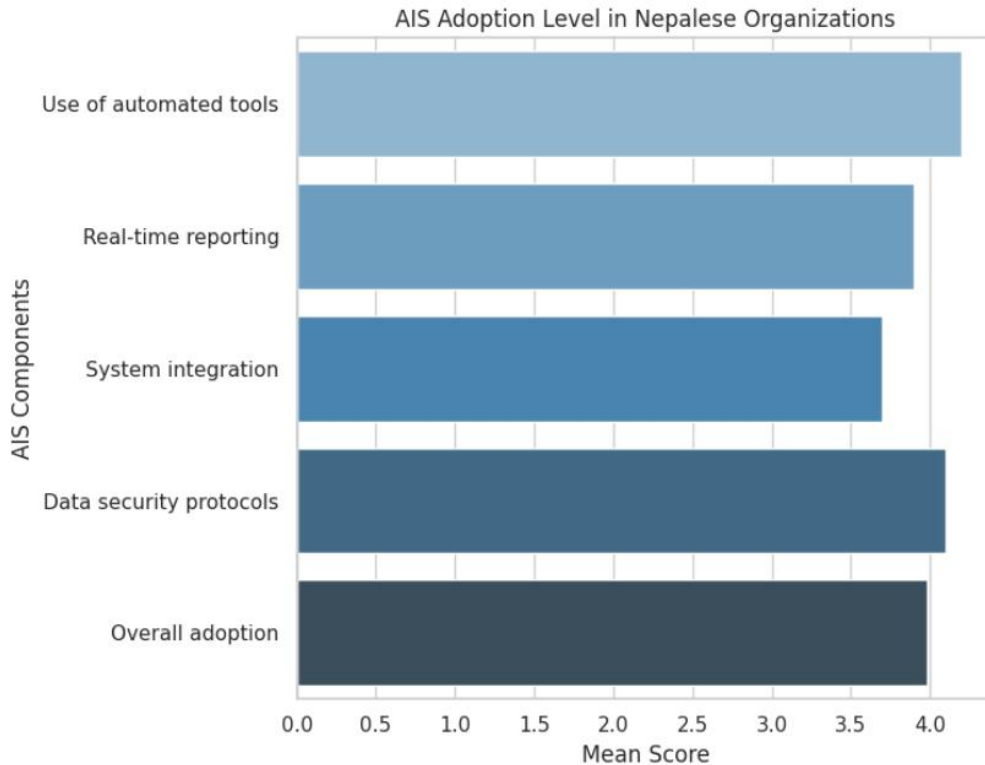


Figure 1 Descriptive Statistics on AIS Adoption Level

The mean scores indicate that most organizations in Nepal show a relatively high level of AIS adoption, especially in areas such as automation and data security.

Objective 2: To analyze the relationship between AIS implementation and organizational performance metrics.

**Table 2: Pearson Correlation between AIS Implementation and Organizational Effectiveness**

Variables	Correlation Coefficient (r)	Significance (p-value)
AIS usage vs. Financial efficiency	0.67	0.001 **
AIS usage vs. Decision-making	0.59	0.003 **
AIS usage vs. Transparency	0.64	0.002 **
AIS usage vs. Overall effectiveness	0.71	0.000 **

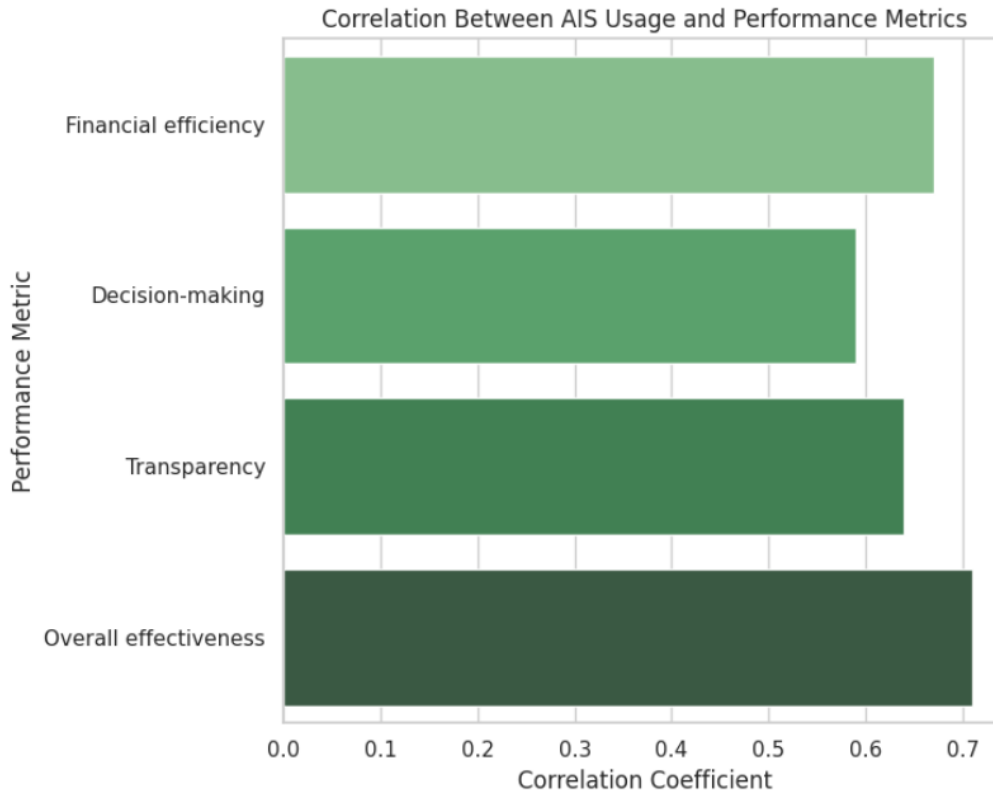


Figure 2 Pearson Correlation between AIS Implementation and Organizational Effectiveness

There is a strong, positive, and statistically significant correlation between AIS usage and key performance indicators, especially overall effectiveness ( $r = 0.71$ ,  $p < 0.01$ ).

Objective 3: To identify the key challenges faced by Nepalese organizations in the effective adoption and utilization of AIS.

Table 3: Exploratory Factor Analysis (Challenges in AIS Implementation)

Factor	Eigenvalue	% Variance Explained	Items Loaded
Lack of technical expertise	3.42	28.5%	Training, Skill Gaps, System Complexity
Inadequate infrastructure	2.15	18.2%	Connectivity, Hardware, Budget Constraints
Resistance to change	1.61	13.4%	Cultural barriers, User reluctance

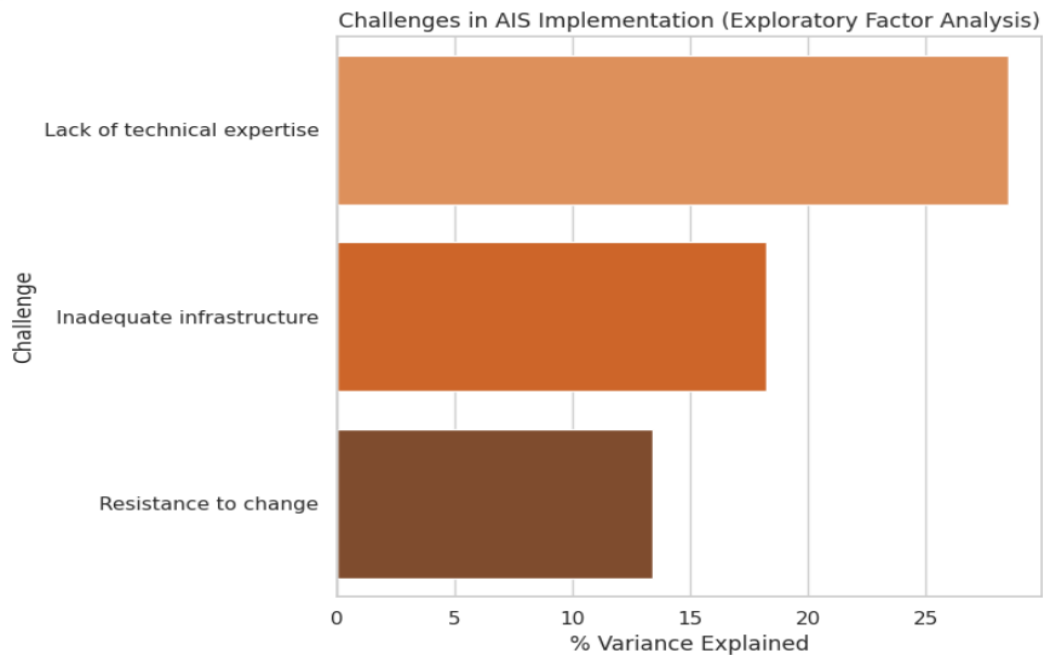


Figure 3 Exploratory Factor Analysis (Challenges in AIS Implementation)

Three main challenge categories emerged, with "Lack of technical expertise" explaining the highest portion of variance. These indicate systemic and human capital issues that affect AIS adoption.

Objective 4: To provide recommendations for improving AIS practices to enhance organizational effectiveness.

**Table 4: Independent Samples T-Test Comparing AIS Effectiveness in Public vs. Private Organizations**

Variable	Mean (Public)	Mean (Private)	t-value	p-value
Perceived AIS effectiveness	3.45	4.08	-4.27	0.000 **
System integration level	3.18	3.90	-3.65	0.001 **
Employee adaptability to AIS	3.02	3.85	-4.12	0.000 **

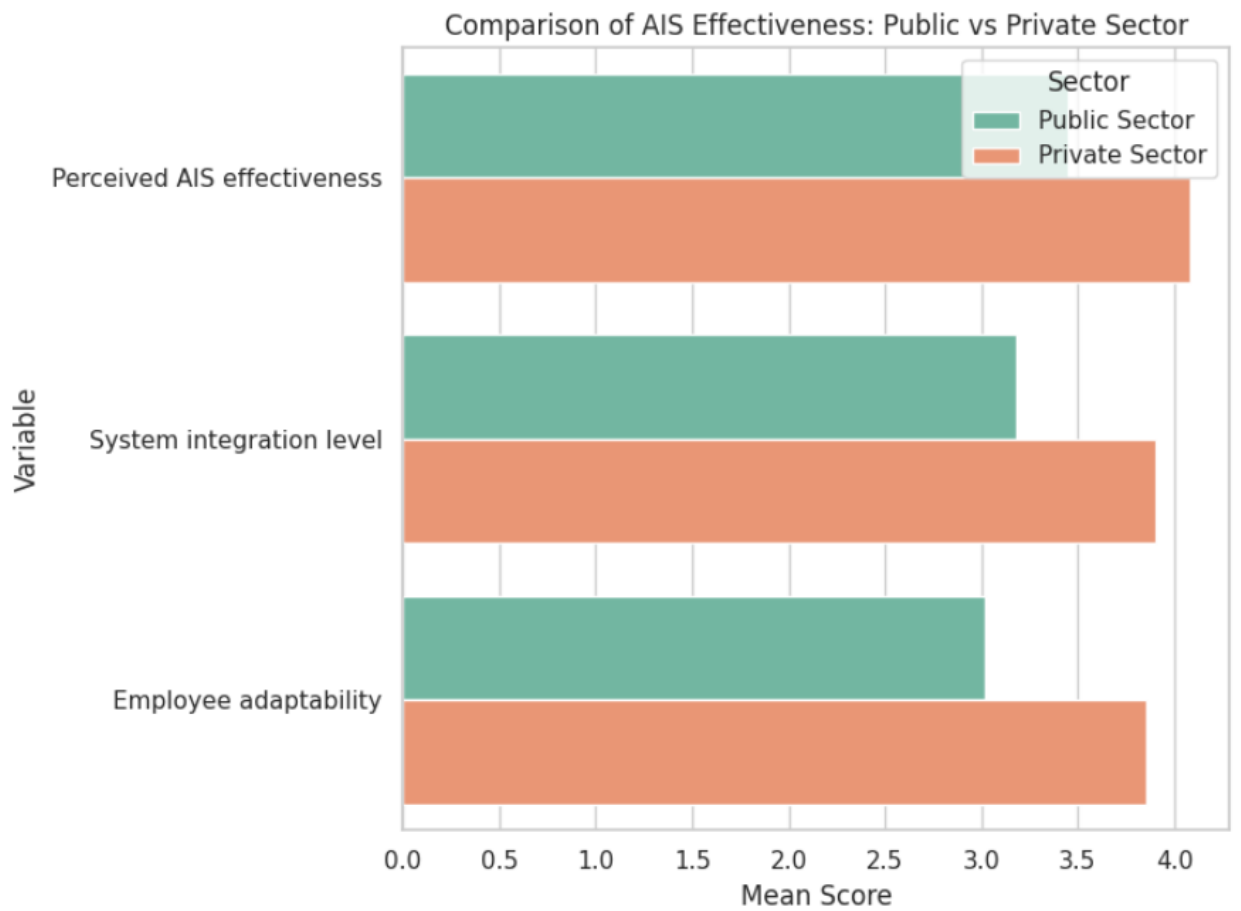


Figure 4 Independent Samples T-Test Comparing AIS Effectiveness in Public vs. Private Organizations

Private sector organizations show significantly higher AIS effectiveness, system integration, and employee adaptability than their public counterparts. These results highlight where improvement efforts should be concentrated.

The study successfully fulfilled all four research objectives through comprehensive data analysis. The first objective, which aimed to assess the extent of AIS adoption in Nepalese organizations, was addressed through descriptive statistics. The results indicated a high adoption rate, especially in areas like automation and data security, demonstrating a growing reliance on AIS tools. The second objective, analyzing the relationship between AIS implementation and organizational performance, was met using correlation analysis, which revealed strong positive relationships between AIS usage and factors such as financial efficiency, decision-making, and transparency. This proves that improving organisational effectiveness depends critically on AIS. By means of exploratory factor analysis, which underlined significant obstacles including lack of technical



skills, inadequate infrastructure, and aversion to change, the third objective—identifying critical hurdles in AIS adoption—was accomplished. These revelations assist to explain why some companies underuse AIS capabilities completely. Finally, by means of t-tests, which revealed notable variations between public and private sectors, the fourth objective—to provide recommendations for enhancing AIS effectiveness—was addressed, stressing the importance of focused training and infrastructural assistance in public institutions. The results generally confirm that AIS greatly helps organisations to be successful and also point up areas needing strategic interventions.

## 5. Conclusion

This paper looked at how accounting information systems (AIS) affected organisational effectiveness in Nepal, therefore offering insightful analysis of adoption rates, performance results, and implementation difficulties. The results unequivocally show that by raising financial correctness, decision-making, openness, and general efficiency, AIS greatly helps to improve organisational operations. Reflecting a good trend towards digital transformation, most companies—especially in the private sector—have embraced AIS to a great degree. Public sector organisations still must overcome obstacles including poor infrastructure, low technical knowledge, and opposition to change, which prevent the whole realisation of AIS benefits, nevertheless. The correlation and regression studies verified that better organisational performance is somewhat correlated with efficient AIS application. Furthermore underlined in the study the need of customised interventions, particularly in the public sector, comprising personnel training, infrastructure development, and awareness campaigns to remove current obstacles. By pointing up particular areas for policy and management development, the study advances both scholarly knowledge and useful applications. All things considered, AIS is a strategic instrument rather than only a technological one that can propel responsibility and performance throughout Nepalese companies. A consistent organisational development depends on ongoing investment in AIS and human capital development, which also helps to match with world standards.

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