

IMPACT OF COMPUTERISED ACCOUNTING SYSTEM AND PERFORMANCE OF RESTAURANT IN PORT HARCOURT

ABSTRACT

This study examined the relationship between accounting information system and performance of restaurant in Port Harcourt metropolis. Four research questions and four null hypotheses were formulated to guide the study. A well-structured questionnaire of 324 were distributed and 282 was returned and used for analysis. From the findings, it was established that there is positive and significant relationship between electronic processing system and return on investment of restaurants in Port Harcourt metropolis. It was also deduced that electronic process system positively and significantly influenced net profit margin of restaurant in Port Harcourt metropolis. Again, the result indicated that there is positive and significant relationship between manual processing system and return on investment of restaurant in Port Harcourt metropolis. The last finding, stated that there is positive and significant relationship between manual processing system and return on investment of restaurant in Port Harcourt metropolis. In conclusion, accounting information system is a computer-based system that increases the internal control and profitability using accounting software and technique. It is recommended that employee with the knowledge of it should be employed in the restaurant, that restaurant outfits should have clarity of financial information at all time so as to maximize profit, and accounting information systems should rely on the quality of input data at all time.

TABLE OF CONTENTS

Title page	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgements	v
Abstract	vi
CHAPTER 1: Introduction	1
1.1 Background to the Study	1
1.2 Statement of Problem	4
1.3 Objective of the Study	5
1.4 Research Questions	6
1.5 Hypotheses	6
1.6 Significance of the Study	7
1.7 Scope of the study	8
1.9 Definition of Terms	9
CHAPTER 2: Literature Review	10
2.1 Theoretical Framework	10

2.1.1 Contingency theory of accounting information	10
2.2 Conceptual framework	12
2.2.1 Accounting information system	12
2.2.1.1 Electronic processing system	14
2.2.1.2 Manual processing performance	17
2.3 Measures of financial performance	25
2.3.1 Return on Investment	28
2.3.2 Net profit margin	30
2.4 Empirical review	32
CHAPTER 3: Methodology	32
3.0 Introduction	32
3.1 Research Design	32
3.3 Sample and Sampling Technique	33
3.4 Nature / Source of Data	33
3.5 Method of Data Collection	34
3.6 Validity of Instrument	34
3.7 Reliability of Instrument	34
3.9 Method of Data Analysis	35

CHAPTER 4: Results and Discussions	36
4.1 Data Presentation	36
4.2 Testing of Hypotheses	42
4.3 Discussion of Findings	47
CHAPTER 5: Summary, Conclusions and Recommendations	
5.2 Summary of the Study	49
5.2 Conclusion	50
5.3 Recommendations	50
REFERENCES	51
APPENDIX	53

CHAPTER 1

INTRODUCTION

1.1. Background to the Study

Performance of restaurants is very crucial to accounting information system. A restaurant is a self-service shop offering a wide variety of food, beverages, continental & intercontinental dishes, organized into sections. For effective and efficient accountability, the need for accounting information system becomes imperative. Accounting information system is a computer-based system that increases the control and enhances the corporation in an organization. In managing an organization and implementing an internal control system, the role of accounting information system is very crucial. The qualitative characteristic of any Accounting Information System can be maintained if there is a sound internal control system. In any AIS environment, the qualities of internal controls adaptation affect operations and management and in turn influence internal control system. Internal control is run to ensure the achievement of operational goals and performance. Wilkinson et al (2000), the main function of accounting information system is to assign quantitative value of the past, present, and future economics events. AIS through its computerized accounting system produces the financial statement namely, income statement,

the balance sheet, and cash flow

statement. Normally, the system will process the data and transform them into accounting information during input, processing and output stages that can be used by a variety of users like the internal and external users. Therefore, if companies are able to adjust their computerized techniques of internal control mechanism according to AIS, they will be able to ensure the reliability of financial information processing and boost the control measures of effectiveness of the financial information reliability. When the controls are used properly there will be better operating effectiveness and efficiency which will result in better financial information reliability. Managers at various levels need AIS to make decisions in internal controls (Hoitash and Bedard 2009). The accounting information systems represent a range of sources, namely persons and equipment, which are designed to collect financial data to reach the information needed for different decision makers (Bodnar & Hopwood, 2010). The use of accounting information is indispensable in the management activities of a company, given its quantitative information on various activities. Accounting information is primarily intended to be useful in economic decision-making. Accounting information is needed not only by management in the direction of cooperation but also by shareholders, who need

periodic financial data in order to assess the performance of the company's management (Nnenna, 2012).

Toposh K. (2014) asserted that other qualitative characteristics of accounting information can also be maintained if there is sound internal control system in an organization. Internal controls are procedures set up to protect assets, ensure reliable accounting reports, promote efficiency and encourage adherence to company policies. Internal controls are essential to achieve some objectives like efficient and orderly conduct of accounting transactions, safeguarding the assets in adherence to management policy, prevention of error and detection of error, prevention of fraud and detection of fraud and ensuring accuracy, completeness, reliability and timely preparation of accounting data. If good internal control exists in any organization, management can use information with greater reliance to maintain their business activities properly which provide AIS. But if internal control is not strong, management cannot achieve its goal.

Topash (2014) found the following criteria or indicators are supposed to be present in any accounting information system for it to be efficient in any organization which is, cost effectiveness, good documentation, existence of proper security

measures, independent internal and external audit, separation of other operation from accounting, and effective internal control.

1.2. Statement of Problem

The quality of financial data is the basis to rely on in reaching good information that is useful in making various decisions regarding the operations of the company efficiently and effectively. Therefore, the absence of this quality leads to financial outputs that weaken the used decisions and lead to wrong decisions, which causes loss to decision-makers. In regards of the restaurants outfits, there is a lack of clarity about the nature of the used accounting information systems, and a lack of clarity concerning the quality of financial data. Accounting information systems rely on the quality of input data, as the poor quality of data used in the input process leads to poor results. Another challenge associated with the use of accounting information system is poor knowledge background of restaurants employee on accounting. The system cannot post transaction, transaction is been posted by an individual whose understands the trade of accounting. It is also of importance to note that restaurants are running away from management expenses (wages and salary of professional accountant).

1.3 Objective of the Study

The main objective of this study is to determine the relationship between accounting information system and performance of restaurants in Port Harcourt Metropolis. The specific objectives include:

- (i) to determine the relationship between electronic processing system and return on investment of restaurants in Port Harcourt Metropolis.
- (ii) to determine the relationship between electronic processing system and net profit margin of restaurants in Port Harcourt Metropolis.
- (iii) to determine the relationship between manual processing system and return on investment of restaurants in Port Harcourt Metropolis.
- (iv) to determine the relationship between manual processing system and net profit margin of restaurants in Port Harcourt Metropolis.

Conceptual Framework

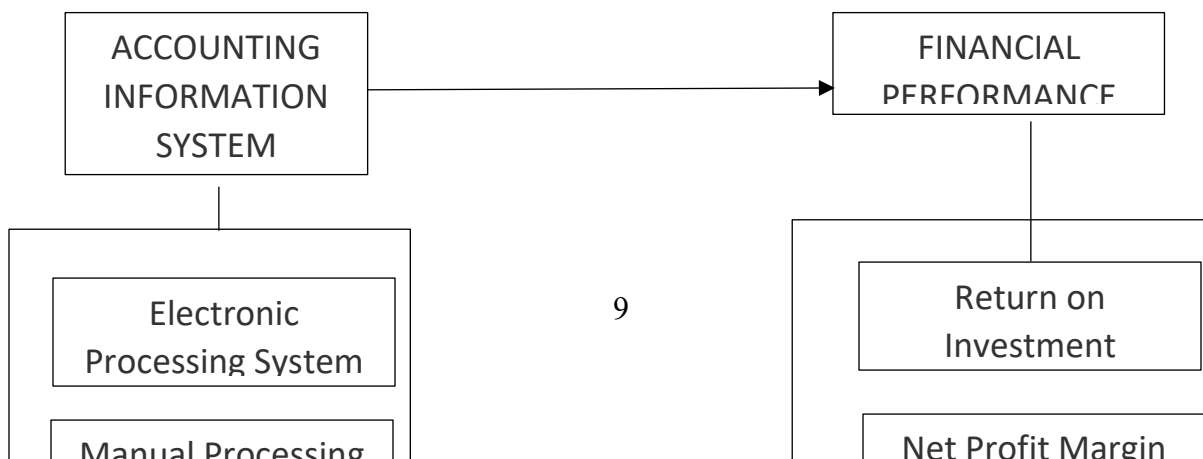


Figure 1.1: Researcher Conceptualization, 2020

1.4 Research Questions

The following research questions were made to guide the study.

- (i) What is the relationship between electronic processing system and return on investment of restaurants in Port Harcourt Metropolis?
- (ii) what is the relationship between electronic processing system and net profit margin of restaurant s in Port Harcourt Metropolis?
- (iii) What is the relationship between manual processing system and return on investment of restaurants in Port Harcourt Metropolis?
- (iv) What is the relationship between manual processing system and net profit margin of restaurant in Port Harcourt Metropolis?

1.5 Hypotheses

The following null hypothesis were framed to ascertain findings at 5% level of significance.

- (i) There is no significant relationship between electronic processing system and return on investment of restaurants in Port Harcourt Metropolis.
- (ii) There is no significant relationship between electronic processing system and net profit margin of restaurants in Port Harcourt Metropolis.
- (iii) There is no significant relationship between manual processing system and return on investment of restaurants in Port Harcourt Metropolis.
- (iv) There is no significant relationship between manual processing system and net profit margin of restaurants in Port Harcourt Metropolis.

1.6. Significance of the Study

The importance of this study emerges from the importance of accounting information systems, which their level of quality and accuracy is determined by the nature of the used financial data that represent the main inputs in various analysis operations to identify the performance level of the company. The accounting information systems are the basis for the production of accounting and financial information used by different users. The quality of the financial data is the basis for producing accounting outputs and correct and credible financial information. The higher the quality of the financial data is, the more accurate financial results will be

produced, which will make reliance on financial and management decisions very reliable and secure. This study is beneficial for investors in the Nigeria service sector, additionally; beneficial for the service companies themselves by providing a clear picture of the accounting system of the service company compared to similar companies in the same sector.

1.7 Scope of the study

The scope of the study is segmented into three parts: content scope, geographical and unit of analysis.

Content scope: The content scope summaries that range of materials that will be used and allows researchers to judge the potential relevance of these materials to the study. The study focuses on accounting ethics with dimensions of accounting information system and performance of restaurants. To achieve the content scope of the study, textbooks, journal articles, newspaper, magazines, internet sources, lecture materials and notes, monographs, etc are relevant.

Geographical scope: The geographical scope detailed the area or location of the study. Rivers State have been chosen as the location where the study will take place. Rivers State constitutes of 23 Local Government Areas, so the restaurants in

Port Harcourt metropolis which are Port Harcourt and Obio/Akpor Local Government areas was reviewed for this study.

Unit of Analysis: This unit analysis measures the length and breadth of the study area. For the purpose of time and resources this study is delimited to the dimensions and measures of the accounting ethics and financial performance of selected deposit money banks in Port Harcourt and Obio/Akpor Local

Government areas in Rivers State with emphasis on Sterling and Access in Port Harcourt metropolis in Rivers State.

1.8 Definition of Terms

Accounting information system: This a range of sources, namely persons and equipment, which are designed to collect financial data to reach the information needed for different decision-makers

Performance: It is the indicator of ratio of profit or loss used to assess the viability of company over a period of time.

Electronic processing system: It is referred to the use of automated/ programmed methods to process commercial data.

Manual processing system: It is a process of keeping accounting records manually without automation.

Return on investment: It is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments.

Net profit margin: The net profit margin is equal to how much net income or profit is generated as a percentage of revenue.