

Organizational effectiveness for accounting information system practice: A study on some select-ed ready made garments factories of Chattogram in Bangladesh

Maruful Islam

*Department of Business Administration
International Islamic University Chittagong (IIUC), Bangladesh*

Abstracts

In the ever-evolving global business landscape, bolstering technological improvement is vital in organizations' Accounting Information Systems (AIS). This research explores the dynamic interplay between AIS and organizational effectiveness within the specific context of the ready-made garments (RMG) industry in Chattogram, Bangladesh. The study measured the AIS as financial reporting accuracy, timeliness of decision-making, data security integrity, ease of accessibility, regulatory standards compliance, and user satisfaction. Also, the effectiveness of an organization is measured as cost effectiveness, integration with other systems, decision support, adaptability to change, training and support, and innovation and upgradation from 400 respondents from the RMG on a five-point Likert scale with a purposive sampling approach. The collected response data are classified via factor analysis and validated with Cronbach's Alpha value in IBM SPSS Statistics 26. Based on the above classification, a structural equation modeling (SEM) is developed in IBM SPSS AMOS 22 for AIS and organizational effectiveness and validated with convergent and discriminant validity. The study results showed that the practice of AIS significantly contributes to an organization's effectiveness. Thus, AIS may be applied in the RMG industry to increase decision-making efficiency, simplify processes, and enhance the accuracy of financial reporting.

Keywords Accounting information system; Organizational effectiveness; Ready made garments manufacturer; Chattogram; Purposive sampling

Paper type Research paper

1. Introduction

The contemporary business landscape is undergoing a significant shift, with technology playing a pivotal role in shaping and enhancing organizational processes. In this context, Accounting Information Systems (AIS) have emerged as a crucial tool in finance and accounting. An AIS integrates various components, including people, procedures, and technology, to facilitate an organization's seamless collection, processing, and dissemination of financial information. Understanding the profound influence of AIS on organizational effectiveness is crucial for



businesses striving to stay competitive in the dynamic global market (Salehi, Rostami, & Mogadam, 2010). This research paper, therefore, undertakes a comprehensive exploration of the effect of the Accounting Information System on organizational effectiveness, using a quantitative empirical research approach to delve into the specific context of Ready Made Garments (RMG) manufacturers in Chattogram, Bangladesh.

The garment manufacturing sector in Bangladesh has witnessed a remarkable expansion in recent decades, establishing itself as a significant player in the international textile and clothing industry (Textile Today Analysis, 2020). To effectively navigate the challenges of this ever-evolving business landscape, the integration of sophisticated information systems, notably AIS, has become necessary for efficient financial management and maintaining competitiveness. This research aims to augment the current understanding by offering valuable insights into how implementing AIS influences the overall effectiveness of garment manufacturers in Chattogram.

Many research endeavors have explored how AIS influences the performance of organizations, shedding light on its role in improving decision-making, streamlining processes, and enhancing the accuracy of financial reporting. The seminal work of Romney and Steinbart (2017) underscores the critical importance of AIS in furnishing timely and relevant financial information crucial for decision-making. Simultaneously, Hall (2019) highlights its pivotal role in internal control mechanisms. Scholars like Gelinias, Dull, and Wheeler (2018) have emphasized the significance of AIS in improving operational efficiency and reducing costs, further emphasizing the importance of this research within the wider framework of organizational efficiency.

In the context of Bangladesh, research on the integration and impact of AIS in the Ready Made Garments sector is notably scarce. However, given the unique challenges and opportunities that business face in this region, investigating the specific effects of AIS implementation becomes paramount. The study zeroes in on Chattogram, a pivotal hub for RMG manufacturers, aiming to understand how AIS influences organizational effectiveness within the local business landscape.

Chattogram's RMG sector serves as a microcosm for exploring the broader implications of AIS for organizational effectiveness. Factors such as technology adoption and organizational culture will be meticulously examined to offer a comprehensive understanding of the intricate dynamics at play. Through an in-depth quantitative empirical research study, this research endeavors to uncover the nuances of AIS utilization and its tangible impact on organizational effectiveness within the selected RMG manufacturers in Chattogram.

As businesses in the Ready-Made Garments industry grapple with increasing pressures to adapt and excel in a globally competitive market, understanding the profound influence of accounting information systems on organizational effectiveness emerges as a pivotal imperative. This research paper, adopting a quantitative empirical research approach, delves into the specific context of RMG manufacturers in Chattogram, Bangladesh, contributing not only to academic literature but also to offering practical insights crucial for businesses to thrive in the ever-evolving landscape of financial information management. The findings of this study are anticipated to bridge the existing gaps in understanding the intricacies of AIS implementation and its far-reaching consequences for organizational effectiveness in the vibrant business environment of Chattogram.

2. Justification of the research

Specific context

The study focuses on the Ready-Made Garment (RMG) industry in Chattogram, Bangladesh. While studies have examined the interplay between Accounting Information Systems (AIS) and organizational effectiveness in various industries and regions, this research delves into a specific sector within a particular geographic location. This specificity enhances the relevance and applicability of the findings to stakeholders within the RMG industry in Chattogram.

Understudied region

Bangladesh, particularly Chattogram, is a significant hub for the RMG industry globally. Despite its importance, research focusing on this specific region's RMG sector in the context of AIS and organizational effectiveness may be limited. Therefore, this study fills a gap in the literature by providing insights tailored to the unique socio-economic and business landscape of Chattogram.

Purposive sampling approach

By employing a purposive sampling approach, the study ensures the selection of participants with relevant experience and expertise in utilizing AIS within the RMG manufacturing sector. This targeted sampling method allows for a more focused investigation, capturing insights from key stakeholders directly involved in the industry's operations.

Face-to-face data collection

The utilization of face-to-face interactions for data collection enhances the depth and quality of the gathered information. This approach enables researchers to glean nuanced perspectives and firsthand experiences from respondents, enriching the study's validity and reliability.

Structural equation modeling (SEM)

The use of SEM allows for the development of a comprehensive model to examine the significant impact of AIS practices on organizational effectiveness. By employing advanced statistical techniques, such as factor analysis, Cronbach's Alpha values, and validity tests, this study establishes a robust framework for analyzing the intricate relationships between variables.

Unique hypothesis testing

The formulation and testing of hypotheses, particularly the hypothesis regarding the significant effect of AIS on organizational effectiveness, represent a key aspect of the study's contribution. By empirically testing these hypotheses within the context of the RMG industry in Chattogram, the research offers actionable insights for practitioners and policymakers seeking to enhance organizational effectiveness through AIS implementation.

3. Literature review

Organizations are incessantly striving to enhance their effectiveness and maintain a competitive edge in the dynamic global business environment. In this pursuit, the crucial role of accounting information emerges as a linchpin, serving as a cornerstone for informed decision-making and strategic planning. This literature review delves into the multifaceted dimensions of how accounting information is pivotal in bolstering organizational effectiveness within a global competitive environment.

Accounting information, often considered the lifeblood of organizations, provides a systematic and comprehensive framework for recording, analyzing, and interpreting financial transactions. Scholars such as Anthony and Reece (2006) emphasize that accounting information is not merely a record-keeping tool; rather, it is a strategic asset that empowers organizations to navigate the complexities of the global business arena. The relevance of financial data in organizational decision-making cannot be overstated, as it serves as the basis for resource allocation, performance evaluation, and risk management.

In a global competitive environment, where uncertainties are inherent, accounting information acts as a beacon, guiding organizations through the fog of ambiguity. The works of Kaplan and Norton (1992) underscore the significance of the balanced scorecard, a strategic performance measurement tool that incorporates financial and nonfinancial indicators. This holistic approach aligns with the idea that organizational effectiveness extends beyond financial metrics alone. By integrating accounting information into a broader performance management framework, organizations can gain insights into their

strengths and weaknesses, fostering adaptability and resilience in the face of global competition.

The role of accounting information in enhancing organizational effectiveness becomes particularly pronounced in the realm of strategic planning. Chenhall and Langfield-Smith (2003) argue that accounting information facilitates the formulation and execution of strategic initiatives by providing a basis for evaluating the feasibility and impact of various alternatives. Through budgeting, forecasting, and scenario analysis, organizations can leverage accounting information to make informed decisions that align with their long-term objectives. This strategic alignment is crucial in the global context, where the pace of change requires organizations to be agile and responsive to emerging opportunities and challenges.

Furthermore, accounting information plays a pivotal role in fostering transparency and accountability, which is paramount in a globalized business environment characterized by diverse stakeholders. Dechow and Dichev (2002) emphasize that reliable financial reporting enhances the credibility of organizations in the eyes of investors, creditors, and regulatory authorities. This credibility translates into improved access to capital and a reduced cost of financing, contributing to the financial health and sustainability of organizations operating on a global scale.

Islam's (2023) findings reveal that AIS significantly enhances internal control and auditing, integrating seamlessly with other management systems for efficient event tracking and resource management, thereby ensuring compliance with GAAP/IFRS. The research underscores AIS's role in facilitating operations, strengthening controls, and promoting internal control awareness, offering insights relevant beyond auditing professionals to emphasize the importance of it in corporate environments.

In the context of corporations, the importance of accounting information becomes even more pronounced. Corporations operate across diverse geographical and cultural landscapes, necessitating the integration of financial data from various subsidiaries and business units. Otley (2001) contends that effective management control systems, rooted in accounting information, are instrumental in aligning the diverse activities of corporations with their overarching corporate strategies. Through consolidated financial statements and performance metrics, corporations can gain a comprehensive view of their operations, enabling them to optimize resource allocation and capitalize on synergies.

However, the effective utilization of accounting information in a global competitive environment is not without its challenges. The increasing complexity of business transactions, coupled with the rapid evolution of accounting standards, poses hurdles for organizations

seeking to maintain accuracy and relevance in their financial reporting (Leuz, Nanda, & Wysocki, 2003). A striking balance between standardization and adaptability is crucial, as organizations must comply with international accounting standards while catering to the unique nuances of their operational contexts.

Chang (2001) emphasized the crucial role of accounting information in enhancing organizational effectiveness within a global competitive environment. According to Doms, Jarmin, and Klimek (2004), financial statements remain the foremost source of externally accessible information on companies. Despite their widespread use and continuous evolution, concerns persist that accounting practices have not kept pace with rapid economic and technological changes, potentially diminishing the value relevance of accounting information.

The significance of Chang's assertion gains further weight in light of widespread accounting fraud, particularly in developed countries like the United States. The dynamic business landscape and reports indicating a decline in the value relevance of accounting information underscore the urgency of addressing this issue. Nevertheless, some researchers argue against the notion that accounting information has lost its value relevance.

Borthick and Clark (1990) posit that the existence of accounting is rooted in satisfying a fundamental need for information. For accounting data to remain relevant, they must, among other attributes, respond promptly to the needs of users, particularly investors. Investors typically lack direct access to assess the performance of companies they consider for investment, relying instead on financial reports prepared by the company's management. Financial reports stand out as a primary source of accounting information about a company, playing a crucial role in disclosure. This disclosure, through financial reporting, assists investors in identifying potential investment opportunities. The primary objective of financial statements, as emphasized, is to furnish information on the company's financial situation, operational results, changes in control, and cash flow.

Thus, the exploration of the literature underscores the indispensable role of accounting information in enhancing organizational effectiveness within a global competitive environment. From strategic planning and performance evaluation to transparency and stakeholder credibility, accounting information serves as a linchpin that empowers organizations to navigate the complexities of the global business landscape. As organizations continue to grapple with uncertainties and seek avenues for sustainable growth, the centrality of accounting information remains unwavering, solidifying its status as a strategic asset in the pursuit of organizational excellence in the global arena (Al-Matari, Amiruddin, Aziz, Al-Sharafi, 2022).

3.1 Organizational effectiveness

Organizational effectiveness refers to the ability of an organization to achieve its goals and objectives while maintaining a high level of efficiency and adaptability. It is a multifaceted concept that encompasses various dimensions, including leadership, structure, culture, processes, and performance. Achieving organizational effectiveness requires a strategic and holistic approach, taking into account the interplay of different elements within the organization (McKinsey, 2021).

One crucial aspect of organizational effectiveness is leadership. Effective leaders play a pivotal role in guiding the organization toward its objectives, fostering a positive and collaborative culture, and making informed decisions. Leadership involves not only setting a clear vision but also motivating and aligning the efforts of the entire workforce to work toward common goals. Leadership styles that promote transparency, communication, and empowerment contribute significantly to organizational effectiveness (Yukl, 2013).

The organizational structure is another key determinant of effectiveness. A well-designed structure ensures that tasks are organized and delegated efficiently, promoting clear lines of communication and accountability. Different organizational structures, such as functional, divisional, or matrix structures, may be suitable for different contexts (Daft, 2015). The choice of structure depends on factors like the organization's size, industry, and strategic goals.

Culture is an essential factor influencing organizational effectiveness. Organizational culture encompasses shared values, beliefs, and norms that shape the behavior of individuals within the organization. A positive and supportive culture fosters employee engagement, innovation, and adaptability, contributing to the organization's overall effectiveness (Schein, 2010).

Processes and systems within an organization also play a crucial role in determining effectiveness. Efficient and well-designed processes streamline operations, reduce redundancy, and enhance productivity. Implementing robust systems for communication, feedback, and performance measurement contributes to the continuous improvement of organizational effectiveness (Hammer & Champy, 1993).

In the digital age, technology acts as a catalyst for organizational effectiveness. From enterprise resource planning (ERP) systems and AIS to artificial intelligence (AI) applications, organizations leverage cutting-edge tools to streamline processes and enhance decision-making. The works of technology scholars, such as Erik Brynjolfsson and Andrew McAfee, shed light on the transformative power of technology in shaping modern organizations.

Overall, organizational effectiveness is a comprehensive concept that involves the integration of leadership, structure, culture, and processes to achieve an organization's goals efficiently. By understanding and optimizing these elements, organizations can enhance their ability to adapt to change, innovate, and thrive in a dynamic business environment.

3.1.1 Impact of an AIS on organizational effectiveness

An Accounting Information System (AIS) plays a crucial role in enhancing organizational effectiveness by providing timely, accurate, and relevant financial information to support decision-making processes. This system integrates various components, including people, procedures, and technology, to capture, process, and report financial data. The impact of an AIS on organizational effectiveness can be examined through several key dimensions (Al-Okaily, 2021).

Improved Decision-Making: An AIS facilitates better decision-making at various levels within an organization. By providing real-time financial information, managers can make informed choices regarding resource allocation, investment decisions, and overall strategic planning. This contributes to the organization's ability to adapt to changing market conditions and make more effective and timely decisions. According to Romney and Steinbart (2018), a well-designed AIS supports decision-making by ensuring the availability of accurate and relevant financial data.

Enhanced Efficiency and Productivity: Automation of routine accounting tasks through an AIS leads to increased efficiency, performance, and productivity. Manual processes are prone to errors and can be time-consuming. An AIS automates data entry, processing, and reporting, allowing employees to focus on more value-added activities. A study examined the impact of Accounting Information System (AIS) factors on decision-making in commercial banks in Bangladesh. The results revealed varying correlations between AIS infrastructure, technological resources, understandability, operational comparability, relevance, and reliability with decision-making effectiveness. Additionally, demographic factors such as gender, the banking sector, AIS training, experience levels, and participation in decision-making significantly influence perceptions and contributions to AIS-based decision-making practices, ultimately contributing to organizational performance (Chowdhury, Islam, Islam, Kabir, Islam, Arafat, & Hoque, 2024). In the book "Accounting Information Systems" by Gelinas, Dull, and Wheeler (2018), the authors emphasize how automation in an AIS streamlines workflows, reduces the risk of errors, and enhances overall efficiency.

Compliance and Risk Management: An AIS helps organizations comply with regulatory requirements and manage financial risks. Through features like internal controls and audit trails, it ensures the integrity and security of financial information. This is particularly important in

industries with strict regulatory frameworks, such as finance and healthcare. As highlighted by Hall (2018) in "Accounting Information Systems: Understanding Business Processes," an effective AIS assists in compliance with regulations and mitigates financial and operational risks.

Strategic Planning and Reporting: AIS supports strategic planning by providing comprehensive financial reports and analysis. Managers can evaluate the financial health of the organization, identify trends, and formulate strategic initiatives. This aids in long-term planning and goal-setting. In the *Journal of Accounting Research*, Datar and Rajan (2018) discuss the role of AIS in strategic management, emphasizing how it helps align organizational activities with strategic objectives.

Cost reduction and resource optimization: By automating processes and reducing the reliance on manual data entry, AIS contributes to cost reduction. The optimization of resources extends beyond labor to include better utilization of financial resources, reducing waste, and improving overall cost-effectiveness. In their book "Accounting Information Systems" (2017), Richardson and Chang (2017) highlight the cost-saving potential of AIS through improved efficiency and reduced operational expenses.

In summary, an Accounting Information System serves as a cornerstone for organizational effectiveness by providing accurate, timely, and relevant financial information. Its impact extends across decision-making, efficiency, compliance, strategic planning, and cost management, ultimately contributing to the overall success and sustainability of the organization.

3.1.2 Functions of Accounting Information System (AIS)

Accounting Information System (AIS) plays a crucial role in facilitating the effective and efficient management of financial information within an organization. The functions of an AIS can be categorized into several key aspects (AccountingEDU, 2023).

Firstly, the AIS is responsible for collecting and recording financial transactions. This involves capturing data related to business activities, such as sales, purchases, and expenses. The process of recording transactions is essential for maintaining accurate and up-to-date financial records. As noted by Romney and Steinbart (2017), this function ensures that the organization's financial data are reliable and can be used for decision-making.

Secondly, the AIS aids in processing and summarizing the recorded transactions. This involves organizing financial data into meaningful reports, such as financial statements, income statements, and balance sheets. The summarization function of AIS enables management to assess the financial health of the organization and make informed decisions. According to Gelinias, Dull, and Wheeler (2016), this aspect of AIS helps

in presenting financial information in a comprehensible format for various stakeholders.

Thirdly, AIS supports financial reporting and external communication. The system assists in generating reports that comply with accounting standards and regulations, ensuring transparency and accountability. This function is crucial for meeting the informational needs of external parties, including investors, creditors, and regulatory authorities. As highlighted by Hall (2019), AIS contributes to the preparation of financial statements that accurately represent the financial position and performance of an organization.

Furthermore, the AIS incorporates internal controls to safeguard the integrity and reliability of financial information. Internal controls are mechanisms designed to prevent errors and fraud, ensuring the accuracy and security of financial data. According to Bagranoff, Simkin, and Strand Norman (2017), internal controls within AIS include authorization processes, segregation of duties, and system security measures to mitigate risks and enhance the trustworthiness of financial information.

3.1.3 Usage of information within the Accounting Information System in the context of the ready-made garments industry

In the context of the ready-made garments industry, an Accounting Information System (AIS) plays a crucial role in managing financial transactions, tracking inventories, and providing relevant information for decision-making. Here are some key aspects of how information is used within an AIS in the ready-made garments industry:

Financial transactions

Sales and revenue: AIS records sales transactions, helping to track revenue generated from the sale of ready-made garments. This information is vital for assessing the financial performance of the business (Chen, & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Expenses: AIS records various expenses related to the production, distribution, and sale of garments. This includes costs such as raw materials, labor, overheads, and marketing expenses (Chen, & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Inventory management

Raw materials and finished goods: AIS helps in tracking the inventory levels of raw materials and finished goods. This is essential in the ready-made garments industry to ensure that there is an optimal balance between production and demand, avoiding overstock or stock-outs (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Costing:

Job costing: For custom or specialty orders, AIS helps allocate costs to specific jobs or orders. This is crucial for determining the profitability of each product line or customer order. This is significant as most of the orders in the RMG sector are custom or specialty (Chen, & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Process costing: As garments are produced in large quantities through a standardized process, AIS helps in allocating costs to various production stages (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Budgeting and planning

Financial planning: AIS provides historical financial data that can be used for budgeting and forecasting. This helps in setting financial goals and making informed decisions to achieve them (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Cash flow management: AIS assists in managing cash flows by tracking inflows and outflows of cash. This is particularly important with respect to seasonal demand fluctuations (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Compliance and reporting

Tax compliance: AIS helps maintain accurate financial records for tax purposes, ensuring compliance with tax regulations specific to the ready-made garments industry (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Financial reporting: AIS generates financial statements and reports required by stakeholders, including investors, regulators, buyers, and management. This information aids in assessing the financial health and performance of the business (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

General compliance

Initiatives like the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety have been implemented to enhance workplace conditions and ensure compliance with safety standards. AIS complements in complying with many of these requirements as well (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Decision support

Profitability analysis: AIS provides data for analyzing the profitability of different product lines, helping management make informed decisions about resource allocation and product mix.

Performance metrics: Key performance indicators (KPIs) derived from AIS data help in evaluating the efficiency and effectiveness of various

processes within the organization (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

Supplier and customer relationships

Vendor management: AIS helps in managing relationships with suppliers by tracking transactions, monitoring payment terms, and optimizing procurement processes.

Customer relationship management (CRM)

AIS supports CRM activities by providing data on customer transactions, preferences, and payment histories (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

In summary, the usage of information within an Accounting Information System in the ready-made garments industry is multifaceted, covering financial transactions, inventory management, costing, budgeting, compliance, reporting, decision support, and relationship management with suppliers and customers. The effective utilization of AIS contributes to streamlined operations, informed decision-making, and overall financial success within the industry (Chen & Deng, 2019; McKinsey, 2011; Nishimura, Shidei, & Takemura, 2020).

3.2 Ready-made garments industry in Bangladesh

The ready-made garments industry in Bangladesh has emerged as a significant player in the global apparel market. Over the past few decades, Bangladesh has become one of the largest exporters of ready-made garments, contributing substantially to the country's economic growth and employment generation (Textile Today Analysis, 2020).

The industry's growth can be traced back to the 1980s, when Bangladesh started to capitalizing on its low-cost labor advantage to attract international apparel brands and retailers. The availability of a large and skilled workforce, coupled with relatively low production costs, has made Bangladesh an attractive destination for outsourcing garment manufacturing (Stitchdiary, 2018).

The sector has witnessed impressive expansion, with numerous factories sprouting up across the country. Bangladesh is known for producing a wide range of garments, including knitwear, woven garments, and accessories. The industry's success can be attributed to the competitive pricing of products, meeting international quality standards, and timely delivery (Textile Today Analysis, 2020).

However, the ready-made garments industry in Bangladesh has faced challenges, including concerns related to workplace safety, workers' rights, and environmental sustainability. Tragic incidents such as the Rana Plaza collapse in 2013 brought global attention to the working conditions in the

industry, leading to increased scrutiny and demands for improved safety standards (Butler & Begum, 2023).

Despite these challenges, the industry has taken steps to address issues such as factory safety and workers' rights. Initiatives like the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladesh Worker Safety have been implemented to enhance workplace conditions and ensure compliance with safety standards (Csanák, 2018).

The government of Bangladesh has also been proactive in addressing concerns, introducing regulatory reforms and investing in infrastructure to support the industry's sustainable growth. Additionally, the industry has been diversifying its product offerings and exploring new markets to reduce dependence on a few key markets (Csanák, 2018).

In short, the ready-made garments industry in Bangladesh has played a pivotal role in the country's economic development. While challenges persist, efforts are being made to address issues related to safety, workers' rights, and sustainability. With continued collaboration between stakeholders, the industry is poised to maintain its position as a major player in the global apparel market (Akter, & Mallick, 2018; Haque, 2019); Rahman, & Uddin, 2020).

3.3 Hypothesis formulation

Drawing on the above theoretical and empirical insights, the hypotheses for this study were formulated to test the relationship between AIS practices and organizational effectiveness in the RMG sector. The hypotheses are structured as follows:

Null Hypothesis (H0): Accounting Information System has no significant effect on organizational effectiveness.

Alternative Hypothesis (H1): Accounting Information System has a significant effect on organizational effectiveness.

To test these hypotheses, specific variables representing both AIS practices and organizational effectiveness were identified and operationalized. AIS practices were measured through six key dimensions: financial reporting accuracy, timeliness of decision-making, data security-integrity, ease of accessibility, regulatory standard compliance, and user satisfaction. Organizational effectiveness was measured through six corresponding dimensions: cost effectiveness, integration with other systems, decision support, adaptability to change, training and support, and innovation and upgradation.

4. Research methodology

4.1 Study population and sample population

This study focuses on employees working in the Ready-Made Garment (RMG) manufacturing firms located in Chattogram, Bangladesh. The

research specifically targets 400 essential workers (which covers a confidence level of 95%, margin of error of 5%, population proportion of 50% with unlimited population size) from 55 selected companies who are responsible for utilizing Accounting Information Systems as part of their job roles.

4.2 Purposive sampling approach

To ensure a targeted and representative sample, a purposive sampling approach was employed. Purposive sampling is chosen in this study to deliberately select participants who possess the relevant experience and expertise in using Accounting Information Systems (AIS) within the RMG manufacturing sector. This method allows for a focused investigation into the population of interest (Bryman, 2016).

4.3 Face-to-face data collection

The chosen data collection method involves face-to-face interactions with the respondents. This approach facilitates a more in-depth understanding of the participants' experiences and perspectives. This direct engagement method enhances the reliability and richness of the gathered data (Creswell & Creswell, 2017).

4.3.1 Demographic overview and professional characteristics:

Age distribution

The respondents represent a diverse age group, predominantly between 25 and 50 years. This age range indicates a blend of young professionals and experienced workers, contributing to a dynamic work environment with both innovative and seasoned perspectives.

Gender composition

The workforce in the RMG sector of the Chattogram is traditionally male-dominated. The study reflects the same exclusive nature of workplace practices in the region.

Educational background

Most respondents possess at least a bachelor's degree in relevant fields such as accounting, finance, business administration, or information technology. A substantial number have pursued higher education, including master's degrees and professional certifications (e.g., CA, ACCA), indicating a well-educated workforce adept at managing and leveraging AIS effectively.

Work experience

The experience levels of the respondents vary, with a majority having between 5 to 15 years of professional experience in the RMG sector. This extensive experience suggests a deep understanding of both the industry and the specific requirements of AIS implementation and utilization.

Job roles and responsibilities

The respondents hold key positions such as accountants, financial officer, commercial officer, accounts managers, and IT coordinators. Their responsibilities encompass data entry, financial reporting, compliance monitoring, system maintenance, and strategic decision-making support through the AIS.

Technical proficiency

Proficiencies in using various accounting software and AIS platforms are common among the respondents. They are skilled in handling AIS software tailored to the specific needs of their companies. This technical proficiency ensures efficient data management and accurate financial reporting.

Training and development

Continuous professional development is a hallmark of the respondents' profiles. Many have undergone specialized training in AIS and related technologies, highlighting their commitment to stay updated with the latest advancements in the field. This ongoing training is crucial for maintaining high standards of organizational effectiveness in AIS practices.

Involvement in decision making

Respondents play a crucial role in the decision-making processes of their respective organizations. Their insights and analyses, derived from the AIS, support strategic planning, budgeting, and financial forecasting. This involvement underscores the strategic importance of their roles beyond routine accounting tasks.

4.4 Utilization of Likert-type scale

The questionnaire consisted of twelve well-crafted questions, employing a Likert-type scale with five response options ranging from 'agreed' to 'strongly disagreed,' including an 'indifferent' option. This scale allows for a nuanced assessment of participants' opinions, providing a comprehensive understanding of their attitudes toward the use of AIS in their job responsibilities (Likert, 1932).

4.5 Validation through pilot study

To ensure the reliability and validity of the research instrument, a pilot study was conducted with input from experts, including faculty members. This preliminary examination helped refine the questionnaire, ensuring clarity and relevance in gathering pertinent data from the participants (Bryman, 2016).

4.6 Data analysis method

The gathered data were subjected to screening and correction processes

for transformation into Excel and SPSS formats. Descriptive analysis is then applied to compute the values for each variable in the survey responses. Subsequently, the normality of the data for each variable was assessed using both the Kolmogorov–Smirnov and Shapiro–Wilk tests. Following this, factor analysis, incorporating Cronbach's Alpha values and the Kaiser-Meyer-Olkin measure for sampling adequacy, is conducted on all response variables to categorize them into two groups: the practice of accounting information systems and organizational effectiveness. A Structural Equation Model (SEM) is subsequently constructed to ascertain the significant impact of accounting information system practices on organizational effectiveness. Finally, the model's validity is verified through convergent and discriminant validity tests, following established methodologies (Fornell & Larcker, 1981; Hair, Black, Babin, Anderson, & Tatham, 2019; Kline, 2015; Royston, 1982).

4.7 Hypothesis testing

After conducting a thorough analysis of the responses gathered from the administered questionnaires, the next step involves testing the hypotheses.

4.7.1 Hypothesis

H_0 : Accounting information system has no significant effect on organizational effectiveness.

H_1 : Accounting information system has significant effect on organizational effectiveness

5. Result and discussion

5.1 Descriptive analysis

The descriptive statistics (N, Min, Max, Median) and normality test (Kolmogorov–Smirnov Test and Shapiro–Wilk Test) of each respondent variables for practice of accounting information system and the effectiveness of organization are shown in Table I.

Table I
Descriptive statistics and normality test result

Sl. No.	Questionnaire	Variable name	N	Min	Max	Kolmogorov–Smirnov Test (Sig)	Shapiro–Wilk Test (Sig)	Median
1.	Practice of Accounting Information System							
1. (a)	The AIS accurately reflects the	AIS1	400	2	5	0.212 (0.000)	0.866 (0.000)	4

Sl. No.	Questionnaire	Variable name	N	Min	Max	Kolmogorov–Smirnov Test (Sig)	Shapiro–Wilk Test (Sig)	Median
	financial status of our organization							
1. (b)	Information from the AIS is provided in a timely manner for decision-making	AIS2	400	2	5	0.226 (0.000)	0.872 (0.000)	4
1. (c)	I feel confident in the security and integrity of data within the AIS	AIS3	400	2	5	0.274 (0.000)	0.844 (0.000)	4
1. (d)	Accessing information from the AIS is convenient and user-friendly	AIS4	400	2	5	0.249 (0.000)	0.865 (0.000)	4
1. (e)	Our AIS complies with relevant accounting and regulatory standards	AIS5	400	2	5	0.223 (0.000)	0.867 (0.000)	4
1. (f)	Overall, I am satisfied with the functionality of the AIS	AIS6	400	2	5	0.265 (0.000)	0.861 (0.000)	4
2.	Effectiveness of Organization							
2. (a)	The AIS is cost-effective in terms of the benefits it provides	Effect1	400	2	5	0.235 (0.000)	0.868 (0.000)	3

Sl. No.	Questionnaire	Variable name	N	Min	Max	Kolmogorov–Smirnov Test (Sig)	Shapiro–Wilk Test (Sig)	Median
2. (b)	The AIS seamlessly integrates with other organizational systems	Effect2	400	2	5	0.215 (0.000)	0.876 (0.000)	3
2. (c)	The AIS significantly contributes to effective decision-making in our organization	Effect3	400	2	5	0.197 (0.000)	0.869 (0.000)	3
2. (d)	The AIS can adapt well to changes in our organizational environment	Effect4	400	2	5	0.213 (0.000)	0.878 (0.000)	3
2. (e)	Training and support for AIS users are sufficient and effective	Effect5	400	2	5	0.211 (0.000)	0.869 (0.000)	3
2. (f)	Our organization regularly innovates and upgrades the AIS to meet changing needs	Effect6	400	2	5	0.198 (0.000)	0.865 (0.000)	3

The minimum and maximum values of each item for the practice of the accounting information system and effectiveness of the organization are 2 and 5 respectively. The Kolmogorov–Smirnov test statistic and Shapiro–Wilk test statistic values of each item for the accounting information system and effectiveness of the organization are 0.212 to 0.274 and 0.197 to 0.235, respectively, at the significance level 0.000. So, the survey response values are not normally distributed. In this case, median values are calculated for mean rank comparison. The median value of the practice of accounting information system is 4, and the effectiveness of

organization is 3. Now, factor analysis is being utilized to assess questionnaires and categorize their components into distinct factors.

5.2 Factor analysis

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy yielded a value of 0.883 ($p = 0.000$) in our factor analysis, indicating sufficient adequacy for employing the factor analysis method to categorize questionnaire response values into distinct factors (see Table II).

Table II

Factor analysis, Cronbach's alpha and convergent validity test result

Rotated Component Matrix ^a	Component		Variable Name	Cronbach's Alpha	Convergent Validity (AVE)	Square Root of AVE
	1	2				
	Effect 1	0.91	1	Practice of Accounting	0.861	0.526
Effect 2	0.90	3	Information System			
Effect 3	0.88	4				
Effect 5	0.87	5				
Effect 6	0.84	7				
Effect 4	0.83	5				
AIS1		0.935	Effectiveness of	0.941	0.729	0.854
AIS4		0.765	Organization			
AIS2		0.746				
AIS5		0.740				
AIS6		0.718				
AIS3		0.673				

Rotated Component Matrix ^a		Variable	Cronbach's	Convergent	Square
Component		Name	's	Validity	Root of
1	2		Alpha	(AVE)	AVE

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

From the factor analysis table, the survey response values are classified into two factor variables such as the practice of the accounting information system (the factor leading from 0.835 to 0.911) and the effectiveness of organization (the factor leading from 0.673 to 0.935) respectively. Here, all the factor loadings are greater than 0.400, which indicates that all measurements for each factor have good reliability.

The Cronbach's Alpha value of each factor variable as a practice of the accounting information system is 0.861, and the effectiveness of organization is 0.941, (all the Cronbach's Alpha values are >0.7). It indicates that the survey response with factors is most reliable, valid and consistent.

From the above factor analysis, the factor variables are defined as follows: (1) practice of accounting information system is identified as (a) financial reporting accuracy (AIS1), (b) timeliness of decision making (AIS2), (c) data security- integrity (AIS3), (d) ease of accessibility (AIS4), (e) regulatory standards compliance (AIS5) and (f) user satisfaction (AIS6) (2) effectiveness of organization is identified as (a) cost effectiveness (Effect1), (b) integration with other systems (Effect2), (c) decision support (Effect3), (d) adaptability to change (Effect4) (e) training and support (Effect5) and (e) innovation and upgradation (Effect6).

Based on the above factor analysis results, a structural equation model of the effectiveness of organization from practice of accounting information system (Fig. 1) is developed.

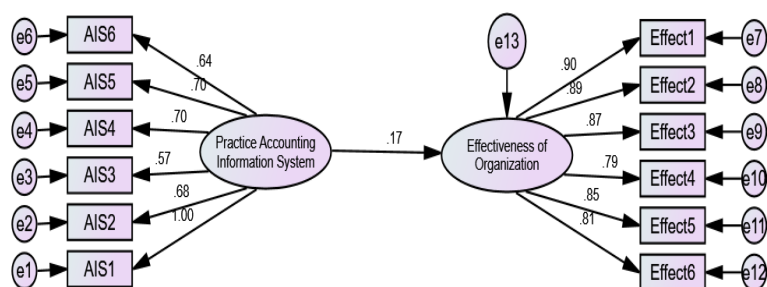


Figure 1

Structure equation model for the effectiveness of accounting information system

According to the above structural equation model, the standardized regression weights for the practice of accounting information system is 0.57 to 1.00, and the effectiveness of organization is 0.79 to 0.90 (which are nearly between -1 and 1). In this case, each of the factor loadings is extremely high and statistically significant ($p < 0.05$).

In the selected model, the model index value observed as χ^2/df is 2.189 (which is < 3), comparative fit index (CFI) value is 0.981 (which is > 0.9), the incremental fit index (IFI) is 0.981 (which is > 0.9), the Tucker Lewis index (TLI) is 0.976 (which is > 0.9), the normed fit index (NFI) is 0.965 (which is > 0.9), the relative fit index (RFI) is 0.956 (which is > 0.9) and the root mean square error of approximation is 0.055 (which is < 0.08). Here, the model index values fulfill all of the standard requirements of the survey; hence, the selected model is well-fitted.

To validate the selected model, the average variance expected (AVE) to test convergent validity for the practice of accounting information system is 0.526, and the effectiveness of organization is 0.729. Here, the AVE values are greater than 0.5, which indicates that the model has achieved convergent validity.

To test discriminant validity, the maximum shared variance (MSV) of the practice of the accounting information system with the effectiveness of the organization is 0.168, which is less than the square root of the AVE for practice of accounting information system (0.725) and the square root of AVE for effectiveness of organization (0.854) (from Table II). So, the selected model has achieved the discriminant validity.

In the structural equation model, the regression weight (path coefficient) of practice of accounting information system to effectiveness of organization is 0.17 ($p = 0.001$). So, the practice of accounting information system has a significant contribution to effectiveness of

organization (as the p-value is less than 0.05). So, the null hypothesis is rejected. As a result, the practice of accounting information system contributes significantly to the effectiveness of organization (Fornell & Larcker, 1981; Hair, Black, Babin, Anderson, & Tatham, 2019; Kline, 2015; Royston, 1982).

6. Discussion

The findings of this study underscore the critical role that Accounting Information Systems (AIS) play in enhancing organizational effectiveness, particularly within the context of the ready-made garments (RMG) industry in Chattogram, Bangladesh. Through a meticulous examination of various dimensions including financial reporting accuracy, timeliness of decision-making, data security-integrity, ease of accessibility, regulatory standard compliance, and user satisfaction, this research illuminates the multifaceted impact of AIS on organizational operations.

The results indicate a significant positive relationship between the practice of AIS and organizational effectiveness. This implies that the adoption and utilization of AIS methodologies can lead to improved decision-making processes, streamlined operations, and enhanced financial reporting accuracy within RMG organizations. These findings resonate with broader literature suggesting that technological advancements, when effectively integrated into business processes, can yield tangible benefits for organizational performance.

Furthermore, the structural equation model (SEM) developed in this study provides valuable insights into the mechanisms through which AIS influences organizational effectiveness. The high standardized regression weights and statistically significant factor loadings underscore the robustness of the model. Moreover, the model's fit indices, including χ^2/df , CFI, IFI, TLI, NFI, RFI, and RMSEA, demonstrate its appropriateness for the dataset, thereby enhancing the credibility of the findings.

The validation of the model through tests of convergent and discriminant validity further bolsters the study's credibility. The attainment of convergent validity, as evidenced by the average variance expected (AVE) values exceeding the recommended threshold of 0.5, lends support to the consistency and reliability of the measurement model. Similarly, the confirmation of discriminant validity, as indicated by the lower maximum shared variance (MSV) than the square roots of AVEs, underscores the distinctiveness of the latent constructs under investigation.

Overall, the findings suggest that RMG organizations in Chattogram, Bangladesh, stand to benefit significantly from the adoption and effective utilization of AIS. By leveraging AIS capabilities to improve financial reporting accuracy, facilitate timely decision-making, ensure data security

and integrity, and enhance user satisfaction, organizations can bolster their overall effectiveness and competitiveness in the global marketplace.

7. Limitations

While the research methodology is robust, several limitations should be acknowledged. Firstly, the study focuses on a specific industry in a particular geographical location, limiting the generalizability of the findings to other industries or regions. Moreover, the variation in organization size, nature and type may distort the results. Additionally, the reliance on self-reported data from employees may introduce response bias, as participants might provide socially desirable answers. Employing mixed-method approaches or incorporating objective performance metrics could mitigate these concerns and enhance the robustness of future research endeavors. Furthermore, the study does not explore the potential moderating or mediating variables that could influence the relationship between AIS and organizational effectiveness.

8. Conclusion

In conclusion, this study provides compelling evidence of the positive impact of AIS on organizational effectiveness within the RMG industry in Chattogram, Bangladesh. The findings highlight the importance of integrating technological advancements, such as AIS, into organizational processes to drive efficiency, productivity, and performance. By recognizing the pivotal role of AIS in enhancing decision-making processes, streamlining operations, and ensuring regulatory compliance, organizations can position themselves for sustained success in today's dynamic business environment.

The robustness of the structural equation model, validated through tests of convergent and discriminant validity, lends credence to the study's findings and underscores the reliability of the relationships observed. As such, policymakers, industry practitioners, and organizational leaders are encouraged to prioritize investments in AIS infrastructure and capabilities to harness its full potential for organizational advancement and competitiveness.

Future studies could explore the applicability of AIS in diverse contexts to provide a more comprehensive understanding of its impact on organizational effectiveness. Future research could also employ longitudinal or experimental designs to elucidate causal relationships and identify additional factors influencing the effectiveness of AIS implementation in organizational settings.

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Corresponding author

Maruful Islam can be contacted at: maruf1066@iiuc.ac.bd

Appendix

1. Questionnaire

Title: Organizational Effectiveness for Accounting Information System
Practice: A Study on Some Selected Ready Made Garments Factories of
Chattogram in Bangladesh

Sl. No.	Questionnaire	Variable Name	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A.	Name of the respondent						
B.	Respondent Organization						
1.	Practice of Accounting Information System						
a.	The AIS accurately reflects the financial status of our organization	Financial Reporting Accuracy					
b.	Information from the AIS is provided in a timely manner for decision-making	Timeliness of decision making					
c.	I feel confident in the security and integrity of data within the AIS	Data Security-Integrity					
d.	Accessing information from the AIS is convenient and user-friendly	Ease of Accessibility					
e.	Our AIS complies with relevant accounting and regulatory standards	Regulatory Standards Compliance					
f.	Overall, I am satisfied with the functionality of the AIS	User Satisfaction					

2.	Effectiveness of Organization						
a.	The AIS is cost-effective in terms of the benefits it provides	Cost Effectiveness					
b.	The AIS seamlessly integrates with other organizational systems	Integration with other Systems					
c.	The AIS significantly contributes to effective decision-making in our organization	Decision Support					
d.	The AIS can adapt well to changes in our organizational environment	Adaptability to Change					
e.	Training and support for AIS users are sufficient and effective	Training and Support					
f.	Our organization regularly innovates and upgrades the AIS to meet changing needs	Innovation and Upgradation					

