

# Factors Affecting The Quality Of Accounting Information

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**Abstract :** Many variables affect the quality of AIS (the dimensions used include integration and ease of use). Variables that can affect the quality of AIS include leadership style (integrity, self-confidence, encouragement, charisma), knowledge management (tacit knowledge and explicit knowledge), and user training (vendor training and in-house training). An AIS used by organizations will have an impact on the quality of AI (relevance, accuracy, timeliness). Based on the review of these variables as presented in the introduction section, the problem statements in this study are as follows: (1) how is the influence of leadership on the AIS?, (2) how is the influence of knowledge management on the quality of AIS?, (3) how is the influence of user training on the quality of AIS?, and (4) how does a quality AIS affect the quality of accounting information. This study will use  $\alpha = 0.05$  to examine each hypothesis. This study is planned to be conducted at the State-Owned Enterprises (SOEs) in Bandung.

**Keywords:** leadership, knowledge management, user training, quality of AIS, quality of accounting information

## 1. INTRODUCTION

The quality of accounting information (AI) is essential to make quality decisions [1]. The users desperately need information that fits their needs [2]. The quality AI the output of a quality accounting information system (AIS) [3]. The essential role of a quality AIS is that accounting information system is an integrated framework in hiring physical resources to transform economic data into financial information in operating and managing company activities, and reporting company achievements to interested parties [4]. Many types of companies in Indonesia have not had a quality information system (IS) yet as several experts claim. Iwan Faidi (2017) claimed that, until now, the micro, small and medium enterprises in Indonesia are still constrained by financial statements [5]. The Chairman of the Supreme Audit Board, Harry Azhar Azis (2016), stated that, in general, the central government's current financial report cannot be said to be perfect from which six problems are found by the Supreme Audit Agency [6]. Tjahjo Kumolo (2014) said that the performance of the financial management and accountability of regions in Indonesia has not improved and, based on the data obtained from the ministries, regions able to calculate their own financial statements only reach 34%, meaning that there are still 64% regions in Indonesia that have not been able to account for their financial statements well [7]. Leadership is one of the factors affecting the quality of AIS [8]. Leadership, in the context of this study, is defined as the ability to influence and motivate users to use an AIS under any circumstances and be able to provide and communicate the generated AI with the users [9]. The concept of transformational leadership explains how leaders can change their organizations by creating communication and visions so as to transform and inspire their employees to fight for the visions [10]. Transformational leaders are those who are capable of improving values and motivating employees to do more than expected [10].

The knowledge management affects the quality of AIS [11]. The concept of knowledge management means a strategy for improving employee performance and company competitiveness by optimizing company business and communicating useful information for the company [11]. Another factor that also affects the quality of AIS is training [12]. Training can include teaching any skills, including basic to advanced, general, technical, interpersonal and problem-solving skills, which are indispensable to an organization [13]. Furthermore, defines training as a process that involves acquiring skills or learning concepts to improve employee performance [14]. Training is necessary in the use of new systems, training can help users in improving adjustment to the implementation of new information systems [15].

## 2. LITERATURE REVIEW

### 2.1. Leadership

A leader is a person who is able to be responsible to the organization and able to influence others to achieve goals and direction set by the organization and a good leader is a leader who is able to know the ability of each follower [16]. In achieving organizational goals, a leader should influence and facilitate his/her employees to do so [17]. Leadership is the process of achieving goals by inducing others to work enthusiastically [18]. Leadership is necessary to achieve organizational goals [9]. Therefore, it can be concluded that leadership is a way or process undertaken by a leader to improve the ability of his/her subordinates in achieving organizational goals. The effective leaders can be seen from the following factors: (1) personality, (2) self-concept, (3) drive, (4) integrity, (5) leadership motivation, (6) Knowledge of the busines, (7) cognitive and practical intelligence, (8) emotional intelligence [19]. The five main functions of leadership are categorized as follows : (1) Create a vision and focus on it, (2) Prepare high-performance teams, (3) Keep teams motivated, (4) Maintain good relationships with people around to make sure they know the required information, (5) Satisfy employees to minimize friction [20]. The qualities of leadership as follows: (a) personal encouragement, (b) desire to lead, (c) self-confidence, (c) knowledge of the business, (d) creativity and originality, (e) positive effectiveness, (f) flexibility and adaptation, (g) charisma, (h) cognitive ability, and (i) honesty and integrity [18]. The leadership competence is

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characterized by the following factors: (a) drive, or the intrinsic motivation to pursue goals, (b) leadership motivation, i.e. the use of social power to influence others to succeed, (c) integrity, i.e. the leader's desire to turn the oral matters into reality, (d) self-confidence: the leader will make others feel confident as can be seen from the employees' impressions, (e) intelligence: typically focusing on the ability to process information, analyze alternatives and find opportunities, (f) knowledge of the business: enabling a company to survive and develop, (g) emotional intelligence, i.e. the leader's ability to control his/herself. Qualified leaders have sensitivity and are able to adapt to any circumstances. Based on the above description, therefore, the indicators used in this study include: integrity, self-confidence, encouragement, charisma [21].

## 2.2. Knowledge Management

Many experts have defined the term Knowledge Management (KM). KM as a set of practices that aim to discover and exploit the intellectual resources of an organization [10]. KM as a set of procedures, infrastructure, and technical and managerial tools, designed to create and utilize all the information and knowledge available in an organization [22]. KM as a series of processes that utilize knowledge as an important factor to increase and enhance the value of an organization [23]. The KM is a process that helps organizations identify, select, organize, disseminate and transmit unstructured organizational information and skills [24]. In addition, the KM is defined as a planning, organizing, driving, and controlling people, processes and systems within the organization [25]. KM : (1) the KM process involves the acquisition of knowledge, creation, refinement, storage, transfer, sharing, and utilization, (2) the function of KM in organizations is to create systems and methodologies in order to motivate people to participate in them, (3) the goal of KM is to increase the knowledge of the organization in order to implement better knowledge practices, better organizational behavior, better decisions and better organizational performance [25]. In relation to the KM, there are two types of knowledge: (a) explicit knowledge, i.e. easily codified knowledge and (b) tacit knowledge, i.e. knowledge gained from experience through insight and discovery [26]. In addition, Knowledge is categorized into three types. (1) Explicit knowledge is a type of knowledge possessed by someone, characterized by his/her ability to communicate with others. This type of knowledge also means rationality knowledge, i.e. knowledge which is in accordance with the specified policy, or rules. Another term for this type of knowledge is declarative knowledge. (2) Tacit knowledge is a complex form of knowledge where it has two dimensions, i.e. technical and cognitive. Tacit knowledge exists in the human mind and is difficult to explain or communicate to others. (3) Cultural knowledge is a type of knowledge that includes assumptions and beliefs. It is used to understand, describe and explain the reality. Cultural knowledge is also useful for forming a framework among members of an organization, recognizing new information and evaluating alternative interpretations and actions. In this study, the dimensions to be used include tacit and explicit [27].

## 2.3. User Training

Training is a process undertaken to acquire and improve employee skills and performance [14]. Training is required for employees to keep up with the application of company rules, such as internal control rules [28]. The training can include any program related to improving the employee skills, including general, technical, interpersonal and problem-solving skills [13]. The User Training can be viewed from several sources such as in-house training, self-study using tutorials, and self-study using manuals and printed documents [29].

## 2.4. Quality of AIS

Quality is the advantage of a product such as product attractiveness, reliability, and long-term dependence of a person on the product [10]. The AIS is a subsystem of the management IS whereby it provides accounting and financial information and other information gained from the routine processing of accounting transactions [30]. The AIS is a special subsystem of an IS. The purpose of an AIS is to collect, process and report information relating to the financial aspects of business transactions [31]. The indicators used to measure the quality of the system include ease of use, functionality, reliability, flexibility, data quality, portability and integration [32].

## 2.5. Accounting Information

Accounting Information (AI) about the results of business operations of a company that can be used to estimate, compare, and manage the risk and return of corporate liabilities [33]. AI provides information of any financial events occurring in a company but it does not reveal the future events so it can be said that accounting cannot provide all information used for the economic decision making [34]. There are three characteristics of information that can be used for the decision making: (1) Relevance: relevant information is information that matches the problem, (2) Accuracy: accurate information is information derived from an accurate problem that can be used to make decisions, (3) Timeliness: relevant or accurate data or information can be used only if the data or information is timely, which is available when needed for the decision making [35]. Quality information must be accurate, reliable, current, complete, and delivered in the right format [36].

## 3. THEORETICAL FRAMEWORK

### 3.1. Leadership on the AIS

The implementation of an IS requires managers to be able to create and lead their teams and able to understand the dynamics of leadership and, if the leaders can meet these elements, the implementation of the system will work well [37]. Leadership, strategy, and management behavior are the dimensions to support the successful implementation of IS [38]. The transformational leaders are those who are able to assist and support employees to achieve organizational goals [39]. The quality of AIS is affected by several factors, including this transformational leadership [8].

### 3.2. Knowledge Management on the AIS

IS can provide, store, manage and report organizational information explicitly so that any organization is expected to

integrate the explicit and tacit knowledge in an IS [40]. The KM is part of a corporate system capable of integrating with the company and with other IS within an organization [24]. A system design has to ensure that the created system can be integrated with other systems [24]. That there is a positive and significant relationship between the KM competence and the enterprise systems success [12].

### 3.3. User Training on the AIS

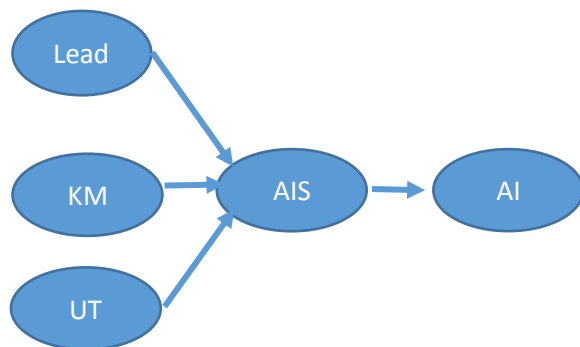
Training conducted or attended by users should have a positive impact on them. When a training program is related to the use of technology or IS, then the IS will be able to be used to improve the organizational performance on the condition that the users participate in the training optimally and are able to obtain information related to such IS [41]. Training programs significantly improve the quality of IS [42]. That there is a positive impact of various types of training programs/computer-related education programs provided by an organization on its users/employees, thus implying the success of the use of IS in the organization. Therefore, it can be said that training programs have a significant positive relationship with the success of IS [43].

### 3.4. AIS on the Accounting Information

The ability of IS to organize information so as to provide enormous benefits relative to business decisions is the best value of the IS [36]. The organizational IS capture and manage certain data to generate useful information to support organizations and employees, customers, suppliers, and partners [44]. AIS is part of the MIS, AIS produces information for management and other users related to the activities in the organization, information generated from AIS is also called accounting information or also known as financial information or financial statements [45]. In addition, a quality IS will affect the quality of the generated information [8].

## 4. STUDY MODEL AND HYPOTHESES

Based on the background, problem statements, and literature review described above, the conceptual framework in this study is presented as follows:



The hypotheses proposed in this study are presented as follows:

- H.1: Leadership affects the quality of AIS.
- H.2: KM affects the quality of AIS.
- H.3: User training affects the quality of AIS.
- H.4: Quality of AIS affects the quality of AI

## 5. METHODOLOGY

The population in this study includes the section heads and accounting/finance staffs at the State-Owned Enterprises in Bandung which use the AIS in processing their accounting transaction data. In this study, the minimum sample size will be generated using the power analysis. With the significance level of 5%, the statistical power of 80% of the total arrows leading to the indicators = 4, and  $R^2 = 0.25$ , the minimum sample size taken in this study is 59 samples. In this study, there are two types of data, i.e. primary and secondary. The data collection will be done through the delivery of questionnaires by mail from which 3-4 questionnaires will be sent to each unit of analysis. The analysis will be done through SEM with PLS model to answer the problem statements and hypotheses. The PLS assessment is employed because the measurement model is built with the number of samples of less than 100. Subsequently, a structural model and a measurement model will be developed from this research model. The structural model in this study consists of the exogenous latent variable (internal control) and the endogenous variable (quality of AIS).

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