e-ISSN: 2686-522X, p-ISSN: 2686-5211
DOI: https://doi.org/10.38035/jafm.v3i1
Received: 04 February 2022, Revised: 25 February 2022, Publish: 08 March 2022

DINASTI RESEARCH
JAFM
JOURNAL OF ACCOUNTING AND FINANCE MANAGEMENT
E-ISSN: 2686-522X, P-ISSN: 2686-5211
https://dinastires.org/JAFM
editor@dinastires.org
0811 7401 455

Does Accounting Information System on Financial Report Transparency:A Literature Review

Uswatun Khasanah
Lecturer of Economic and Business Faculty, University of Bhayangkara Jakarta Raya, Indonesia,
Email: uswa_tun.khasanah@dsn.ubharajaya.ac.id

Corresponding Author: Uswatun Khasanah

Abstract: The full implementation of the accounting system has begun. The practice is still facing various problems related to information systems, knowledge of accountants so that it has an impact on the transparency of financial reports. This study aims to conduct a literature review on increasing the transparency of financial statements through the application of an accounting information system. Research data was collected through literature review using a narrative review commentary. The research aims to provide education that financial statement transparency is very important, accounting information system as an influencing part. With literature review knowledge related to financial statement transparency will increase.

Keywords: Accounting, System, Financial, Transparency

INTRODUCTION

According to the literature, transparent financial statements are influenced by many factors. According to (Spathis & Constantinides, 2004)requires the integration of information systems to integrate the accounting process properly. The use of integrated information systems can provide great motivation for staff, increase the efficiency and effectiveness of resource use, and automate data collection and processing (Tanjeh, 2016). Information systems can improve efficiency, improve process effectiveness, improve internal control structures and make better decision-making(Khasanah, Mulyani, Akbar, & Dahlan, 2021). Support for the integration of accounting information systems in consolidating financial statements (LK) of accounting entities in both private and government industries.

The application must be supported by good accounting knowledge and understanding from accountants. For this reason, knowledge management is needed, which is known as Knowledge Management. Knowledge is needed in developing strategic steps for implementing accounting practices(Ismaili, Ismajli, & Vokshi, 2021). Knowledge Able to help solve problems faced by accountants when adapting to the accounting system (Kulkarni, Robles-Flores, & Popovic, 2017) ; (Istianingsih, 2021).

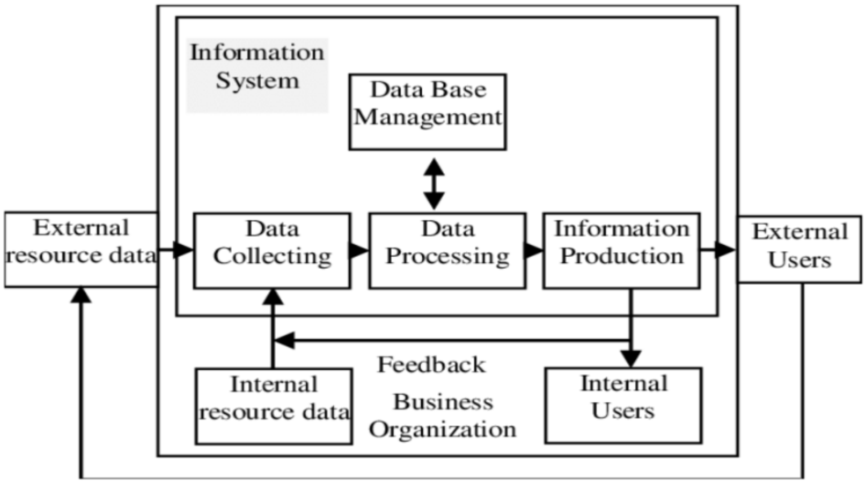
The use of the right information system is believed to be able to provide better information so as to improve the quality of government fiscal transparency(Krpan & Schnall, 2017). Transparency of financial statements is financial reporting that is comprehensive, clear, reliable, timely and relevant to the financial situation (Changwony & Paterson, 2019). Good fiscal transparency is demonstrated by increasing the role of the financial reporting system as a key component of the financial architecture (McCrie & Lee, 2022).

LITERATURE REVIEW

Institutional theory or institutional theory includes the formation of organizations due to institutional environmental pressures that lead to institutionalization(Adjei, Adams, & Mamattah, 2021). Ideas or ideas in the institutional environment form the language and symbols that explain the existence of an accepted organization (Zucker, 1987). As norms in organizational concepts. Institutional theory provides insight into how best practices are disseminated and institutionalized(Adjei et al., 2021)with an emphasis on interaction and institutional context (Albu, Albu, & Alexander, 2014).

Accounting Information System

An information system is a set of components in the form of people, hardware, software, data communication networks, databases, and procedures that are interrelated in collecting, manipulating, storing, and disseminating data or information to achieve organizational goals (Kock, Schulz, Kopmann, & Gemünden, 2020). An integrated information system is a collection of several collections of information that are combined together in an organized manner. Collected at different times by different units to make it available to everyone who needs it(Tingey-Holyoak, Pisaniello, Buss, & Mayer, 2021). Integrated information system is a mechanism to describe the relationship of information technology in a separate organization with standardized business processes (Tweedie, 2022) ; (Patasiene, Zaukas, & Patasius, 2015). Integration aims to facilitate data exchange and information sharing to achieve coordination between organizations so that it can be monitored by all interested parties (Ciampi, Faraoni, Ballerini, & Meli, 2022) ; (Princess Primawanti & Ali, 2022).



Picture 1. Model for Accounting Information Systems-Data Resources:

An integrated accounting information system is the provision of various opportunities to coordinate organizational activities by facilitating the exchange of information between units or between departments to improve the quality of information resulting in better decision making (Sledgianowski, Gomaa, & Tan, 2017). An integrated accounting information system is used in financial management to administer revenues and expenses (Lim & Zhang, 2022).

Accounting is defined as the recording of transactions that change the financial statements in the period in which the event occurs (Kieso, Weygandt, & Warfield, 2016). Accounting is an entry made in an accounting period to reflect events that occurred. An example is recording interest income received and wages to be paid (Vlismas, 2018). Accounting is an attempt to record financial transactions in an entity where other events and circumstances have consequences in the period in which those transactions, events and circumstances occur. Not only in the period in which money is received or paid by the entity (Sohn, 2016) ; (Lennox, Wang, & Wu, 2018). Accounting does not only record cash receipts and disbursements, but also records the recognition of revenues, costs, gains, losses, and the addition or decrease of assets and liabilities as well as amortization (Changwony & Paterson, 2019). Defines accounting as a methodology in which transactions are recognized as the underlying economic events for which they are recorded, regardless of when cash receipts and payments occur.

Financial Report Transparency

Transparency of financial statements is defined as financial reporting with reliable, timely and relevant criteria that can be used as a key element in effective fiscal management (Istianingsih, Trireksani, & Manurung, 2020). Transparency of financial statements is reporting that is comprehensive, clear, reliable, timely and relevant. Regarding the state of government finances in the past, present and future (Changwony & Paterson, 2019). Explain that financial statement transparency is a form of openness to the wider community through the provision of financial information that is reliable, comprehensive, timely, easy to understand, and acceptable (Montes & da Cunha Lima, 2018), internationally regarding the activities of the entity. Fiscal transparency is openness to the public through access to information about the activities of entities that can be trusted, comprehensive, timely, easy to understand (Christofzik, 2019), and can be validated internationally so that the public can accurately assess the financial position, actual costs and benefits of the entity's activities, including the present economic value, future and social impacts caused. Financial transparency is the clarity of accounting practices that require technology and information systems that are easy to use and must be integrated with other systems so that resistance does not occur in their application (Larch, Kumps, & Cugnasca, 2021). Integrated information technology and systems can help reduce barriers to preparing transparent financial reports (Halabi, Alshehabi, & Zakaria, 2019). Accounting is not only a means to improve managerial decision-making processes but also as a medium to increase accountability, transparency and legitimacy (Chen, Che, Zheng, & You, 2020). The use of an integrated accounting information system can increase absolute discretion so that it can produce more accurate, reliable, comprehensive, and relevant information, so that transparency and accountability in financial management will be better.

RESEARCH METHODS

Literature review is a systematic, explicit and reproducible method for identifying, evaluating and synthesizing research works and ideas that have been produced by researchers and practitioners. The literature review aims to make analysis and synthesis of existing knowledge related to the topic to be researched to find empty space for research to be carried out. A more detailed goal is explained by (Pochiraju & Seshadri, 2019) namely (1) providing a theoretical background/base for the research to be carried out, (2) studying the depth or breadth of existing research related to the topic to be studied and (3) answering practical questions with an understanding of what has been produced by previous research. . Literature review using narrative reviewcommentary which will be accompanied by the opinion of the author on the sub-discussion. Is a commentary on a biased or conflicting article. The author presents his opinion and concludes the published articles.

FINDINGS AND DISCUSSION

The integrated accounting information system is designed to improve the system for recording, tracking, and managing financial data. The aim is to increase the transparency and accountability of financial reports in the financial management process (İç, elik, Kavak, & Baki, 2022) ; (Lee & Suh, 2022). explained that the integrated information system is capable of providing an integrated computerized financial package to increase the effectiveness and transparency of budget management with a computerized government accounting system. The integrated information system has a positive influence in improving the transparency of the entity's financial management, increasing the trust and credibility of the budget through the completeness and transparency of the information presented in the financial statements.

An integrated accounting information system is an automation solution that enables entities to plan, execute, and monitor budget management. According to (Cho, Kwon, & Krishnan, 2020). An integrated accounting information system is able to facilitate the disclosure of government financial information to the public in order to improve accountability and transparency in the management of financial statements and to increase public participation (GAO, 2019). Explain that the integrated accounting information system provides positive benefits in managing the transparency of financial statements for better, more optimal allocation of resources, reducing fraud and corruption, increasing transparency and accountability of financial reports.

CONCLUSION AND RECOMMENDATION

The financial information system is one of the important factors in increasing the transparency of financial statements. Financial statements will be clearer and can be used in a timely manner if using an accounting information system to record financial transactions in entities where other events and circumstances have consequences in the period in which these transactions, events and circumstances occur.

BIBLIOGRAPHY

Adjei, JK, Adams, S., & Mamattah, L. (2021). Cloud Computing Adoption In Ghana; Accounting For Institutional Factors. Technology in Society, 65, 101583. Retrieved from https://doi.org/10.1016/j.techsoc.2021.101583

Albu, CN, Albu, N., & Alexander, D. (2014). When Global Accounting Standards Meet The Local Context—Insights From An Emerging Economy. Critical Perspectives on Accounting, 25(6), 489–510. Retrieved from https://doi.org/10.1016/j.cpa.2013.03.005

Changwony, FK, & Paterson, USA (2019). Accounting Practice, Fiscal Decentralization And Corruption. The British Accounting Review, 51(5), 100834. Retrieved from https://doi.org/10.1016/j.bar.2019.04.003

Chen, Y., Che, L., Zheng, D., & You, H. (2020). Corruption Culture and Accounting Quality. Journal of Accounting and Public Policy, 39(2), 1–22. Retrieved from https://doi.org/10.1016/j.jaccpubpol.2019.106698

Cho, M., Kwon, SY, & Krishnan, GV (2020). Audit Fee Lowballing: Determinants, Recovery, And Future Audit Quality. Journal of Accounting and Public Policy, 1–24. Retrieved from https://doi.org/10.1016/j.jaccpubpol.2020.106787

Christofzik, DI (2019). Does Accrual Accounting Alter Fscal Policy Decisions? - Evidence from Germany. European Journal of Political Economy, 60, 101805. Retrieved from https://doi.org/10.1016/j.ejpoleco.2019.07.003

Ciampi, F., Faraoni, M., Ballerini, J., & Meli, F. (2022). The Co-Evolutionary Relationship Between Digitalization And Organizational Agility: Ongoing Debates, Theoretical Developments And Future Research Perspectives. Technological Forecasting and Social Change, 176, 121383. Retrieved from https://doi.org/10.1016/j.techfore.2021.121383

GAO. (2019). Performance and Accountability Report: Fiscal Year 2019.

Halabi, H., Alshehabi, A., & Zakaria, I. (2019). Informal Institutions and Managers' Earnings Management Choices: Evidence From IFRS-Adopting Countries. Journal of Contemporary Accounting & Economics, 15(3), 1–22. Retrieved from https://doi.org/10.1016/j.jcae.2019.100162

, YT, elik, B., Kavak, S., & Baki, B. (2022). An Integrated AHP-Modified VIKOR Model for Financial Performance Modeling in Retail and Wholesale Trade Companies. Decision Analytics Journal, 3, 100077. Retrieved from https://doi.org/10.1016/j.dajour.2022.100077

Ismaili, A., Ismajli, H., & Vokshi, NB (2021). The importance and challenges of the implementation of IPSAS accrual basis to the public sector: The case of Kosovo. Accounting, 1109–1118. Retrieved from https://doi.org/10.5267/j.ac.2021.2.028

Istianingsih, I. (2021). Earnings Quality as a link between Corporate Governance Implementation and Firm Performance. International Journal of Management Science and Engineering Management, 16(4), 290–301.

Istianingsih, Trireksani, T., & Manurung, DTH (2020). The impact of corporate social responsibility disclosure on the future earnings response coefficient (Asean banking analysis). Sustainability (Switzerland), 12(22), 1–16. Retrieved from https://doi.org/10.3390/su12229671

Khasanah, U., Mulyani, S., Akbar, B., & Dahlan, M. (2021). The Impact of Project Management and Implementing Enterprise Resource Planning on Decision - Making Effectiveness : The Case of Indonesian State Owned Enterprises. Academic of Strategic Management Journal, 20(45).

Kieso, DE, Weygandt, JJ, & Warfield, TD (2016). Intermediate Accounting (16th ed.). New Jersey: John Wiley & Sons, Inc.

Kock, A., Schulz, B., Kopmann, J., & Gemünden, HG (2020). Project Portfolio Management Information Systems' Positive Influence On Performance – The Importance Of Process Maturity. International Journal of Project Management, 38(4), 229–241. Retrieved from https://doi.org/10.1016/j.ijproman.2020.05.001

Krpan, D., & Schnall, S. (2017). A Dual Systems Account Of Visual Perception: Predicting Candy Consumption From Distance Estimates. Acta Psychologica, 175, 1–12. Retrieved from https://doi.org/10.1016/j.actpsy.2017.02.005

Kulkarni, UR, Robles-Flores, JA, & Popovic, A. (2017). Business Intelligence Capability: The Effect of Top Management and The Mediating Roles of User Participation and Analytical Decision Making Orientation. Journal of the Association for Information Systems, 18(7), 516–541.

Larch, M., Kumps, D., & Cugnasca, A. (2021). Fiscal Stabilization in Real Time: an Exercise in Risk Management. Economic Modeling, 99, 105494. Retrieved from https://doi.org/10.1016/j.econmod.2021.03.013

Lee, MT, & Suh, I. (2022). Understanding The Effects Of Environment, Social, and Governance Conduct on Financial Performance: Arguments for a Process and Integrated Modeling Approach. Sustainable Technology and Entrepreneurship, 1(1), 100004. Retrieved from https://doi.org/10.1016/j.stae.2022.100004

Lennox, C., Wang, Z.-T., & Wu, X. (2018). Earnings Management, Audit Adjustments, and The Financing of Corporate Acquisitions: Evidence From China. Journal of Accounting and Economics, 65(1), 21–40. Retrieved from https://doi.org/10.1016/j.jacceco.2017.11.011

Lim, JS, & Zhang, J. (2022). Adoption Of AI-Driven Personalization In Digital News Platforms: an Integrative Model Of Technology Acceptance And Perceived Contingency. Technology in Society, 69, 101965. Retrieved from https://doi.org/10.1016/j.techsoc.2022.101965

McCrie, R., & Lee, S. (Zech). (2022). Accounting Controls and Budgeting. In Security Operations Management (pp. 265–300). Elsevier. Retrieved from https://doi.org/10.1016/B978-0-12-822371-0.00008-6

Montes, GC, & da Cunha Lima, LL (2018). Effects Of Fiscal Transparency on Inflation And Inflation Expectations: Empirical Evidence From Developed and Developing Countries. The Quarterly Review of Economics and Finance, 70, 26–37. Retrieved from https://doi.org/10.1016/j.qref.2018.06.02

Patasiene, I., Zaukas, G., & Patasius, M. (2015). Integration of Business Game for Improving Literacy of Accounting Information Systems. Procedia - Social and Behavioral Sciences, 213, 304–308. Retrieved from https://doi.org/10.1016/j.sbspro.2015.11.542

Pochiraju, B., & Seshadri, S. (2019). Essentials of Business Analytics: An Introduction to the Methodology and its Applications. Springer International Publishing.

Putri Primawanti, E., & Ali, H. (2022). Information, Web-Based Information Systems and Knowledge Management on Employee Performance (Literature Review Executive Support System (Ess) For Business (Ess) For Business). Journal of Information Systems

Management Economics, 3(3), 267–285. Retrieved from https://doi.org/10.31933/jemsi.v3i3.818

Sledgianowski, D., Gomaa, M., & Tan, C. (2017). Toward Integration Of Big Data, Technology And Information Systems Competencies Into The Accounting Curriculum. Journal of Accounting Education, 38, 81–93. Retrieved from https://doi.org/10.1016/j.jaccedu.2016.12.008

Sohn, BC (2016). The Effect Of Accounting Comparability on The Accrual-Based And Real Earnings Management. Journal of Accounting and Public Policy, 35(5), 513–539. Retrieved from https://doi.org/10.1016/j.jaccpubpol.2016.06.03

Spathis, C., & Constantinides, S. (2004). Enterprise Resource Planning Systems' Impact on Accounting Processes. Business Process Management Journal, 10(2), 234–247. Retrieved from https://doi.org/10.1108/14637150410530280

Tanjeh, MS (2016). Factors Influencing the Acceptance of International Public Sector Accounting Standards in Cameroon. Accounting and Finance Research, 5(2). Retrieved from https://doi.org/10.5430/afr.v5n2p71

Tingey-Holyoak, J., Pisaniello, J., Buss, P., & Mayer, W. (2021). The Importance Of Accounting-Integrated Information Systems For Realizing Productivity And Sustainability In The Agricultural Sector. International Journal of Accounting Information Systems, 41, 100512. Retrieved from https://doi.org/10.1016/j.accinf.2021.100512

Tweedie, D. (2022). Inclusive Capitalism As Accounting Ideology: The Case Of Integrated Reporting. Critical Perspectives on Accounting, 102482. Retrieved from https://doi.org/10.1016/j.cpa.2022.102482

Vlismas, O. (2018). Book Review : Accounting Information Systems. The International Journal of Accounting, 53(4), 335–336. Retrieved from https://doi.org/10.1016/j.intacc.2018.11.005

Zucker, LG (1987). Institutional Theories of Organizations. Annual Review of Sociology, 13(1), 443–464. Retrieved from https://doi.org/10.1146/annurev.so.13.080187.002303