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## Effect of attention to details on Quality of Accounting Information Systems of State-Owned Enterprises in Indonesia

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### Abstract

Despite the provision of laws, policies and procedures to guide the preparation the quality of accounting information and subsequent reporting is at stake in most state owned enterprises. Financial loss and fraud results from general disregard of public finance management principles. Quality accounting information has to be relevant, reliable, accurate, timely and clear. For financial information to serve its intended objective, it should be of good quality to ensure good decision- making. However, accounting reports for most State-Owned Enterprises are replete with anomalies and irregularities. The study determined the effect of attention to details on quality of accounting information. Explanatory and descriptive research designs were employed. Quantitative data was collected using questionnaire and analyzed using SPSS version 23.0. Attention to details positively and significantly affects quality of accounting information. A conclusion was made that attention to details affects the provision of quality of accounting information. The study recommends for clear and comprehensive steps when preparing counting information. There should be a mechanism that separates duties to ensure that a separate team prepares accounting reports while another checks for accuracy by pointing out transcription and transposition errors.

**Key word:** *Attention to details, quality of accounting information systems, state-owned enterprises, Indonesia*

## 1. Introduction

Accounting information is significantly important in the management and reporting of financial information in an organization (Sari & Purwanegara, 2016). To enhance organizational competitiveness, quality accounting preparation and reporting is essential in the competitiveness (Wisna, 2015). Financial accounting information remains forms critical source of information in describing the financial health state of an organization (Endraria, 2018). The technique of preparing and presenting accounting information has been evolving with aim of enhancing accounting reporting standards invariably affecting value relevance of accounting information (Napitupulu, Susanto & Nugroho, 2019). Poor quality accounting information jeopardizes organizational management effectiveness in disseminating and reporting information.

The guidelines and standard in the preparation of quality accounting information is essential in an organization (Hall, 2011). The financial health of an organization is in the financial reports. Quality accounting information is important in the allocation of resources to the various departments of the organization (Ameen, Ahmed & Hafez, 2018). Quality of accounting information is important in financial decision making. It may proof hard to make viable organization decisions when there lack quality accounting information (Almazawdeh, 2015). In addition, the achievement of organization goals is also anchored on how accounting information is used to distribute resources (Napitupulu, 2018). An organization may fail to attain its goals when it lacks clear, reliable and accurate accounting information (Ali, Omar & Bakar, 2016). One of quality accounting information is attention to details (Trabulsi, 2018).

Attention to detail refers to the accuracy and thoroughness when undertaking a task is (Syaifullah, 2017). The preparation and subsequent reporting of accounting information require thorough attention to details (Napitupulu, 2015). By paying attention to details, an organization is able to prepare quality, accurate, clear, relevant and verifiable accounting information. According to Maya, et al (2018) accounting staff are expected to pay attention to detail and accuracy in analyzing and reporting accounting information. Attention to details will make sure that accounting information is accurate free from errors (Syaifullah, 2017). Attention to details was operationalized using organization skills, observation skills, precision (accuracy) and analysis skills.

### 1.2 Statement of the Problem

Despite the provision of laws, policies and procedures to guide the preparation the quality of accounting information and subsequent reporting is at stake in most state owned enterprises. Quality accounting information has to be relevant, reliable, accurate, timely and clear. For financial information to serve its intended objective, it should be of good quality to ensure good decision- making. However, accounting reports for most state owned enterprises in Indonesia replete with anomalies and irregularities (Suratman & Mochammad, 2017).

Quality of accounting information is significantly important in the public sectors. The quality of accounting information is important is vital in achieving organization goals (Napitupulu, 2018). Quality of accounting information is important in allocating resources and also in making financial decisions on how to utilize resources.

Quality accounting information system that is timely, accurate, flexible to suit environmental changes, enables an organization to plan itself and thus effective and efficient feedback mechanism is important. Well-designed and quality accounting information system simplifies getting information to interested users by an authorized access (Andesto & Susanto, 2018). Accounting information enables external auditors to assess firm's internal control, financial

state and compliance to accounting standard. The quality of accounting information systems can be improved through management commitment and user competence (Iskandar, 2015).

There are limited studies if exist conducted in Indonesia on effect of attention to details on quality of accounting information systems with special focus on State-Owned Enterprises. A study by Wisna (2015) on organizational culture and its impact on the quality of accounting information systems showed that showed firm's culture plays a significant role in improving the quality of accounting information system. However, the study failed to indicate the mechanisms employed to enhance quality of accounting information. A study by Aldegi (2018) focusing on state owned corporations Jordan and found that organizational cultures impacts performance of the corporations. However, the study failed to illustrate the direct effect organizational cultures on the quality of accounting information reported which the current study intends to address. A study by Al-Dalabih (2018) revealed quality accounting information is essential an organization. However, the study contrasts current study that intends to establish the effect of organizational culture on quality of accounting information systems. This paper sought to determine the effect of attention to details on quality of accounting information systems.

## 2. Literature Review

### 2.1 Theoretical Literature

The paper was anchored on Stewardship theory. Stewardship theory has its roots from psychology and sociology and is defined by Davis, Schoorman & Donaldson (1997) as a steward protects and maximises shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximised. In this perspective, stewards are company executives and managers working for the shareholders, protects and make profits for the shareholders. Managers are considered good stewards who will act in the best interest of the owners (Donaldson & Davis, 1991). The principal- steward relationship is a relationship of trust and was developed as an alternative to the agency theory. Unlike agency theory, stewardship theory stresses not on the perspective of individualism (Donaldson & Davis, 1991), but rather on the role of top management being as stewards, integrating their goals as part of the organization.

The stewardship perspective suggests that stewards are satisfied and motivated when organizational success is attained. Stewards are motivated only by making the right decisions which are in the best interest of the organisation, as there is strong assumption that stewards will benefit, if the firm is prospered. A steward protects and maximises shareholders wealth through firm performance, because by doing so, the steward's utility functions are maximized. In the context of the study, the theory is expected to guide firm management in preparing quality accounting reports.

## 2.2 Empirical Literature

Onaolapo and Odetayo (2012) conducted a study on how accounting information systems influences the effectiveness of organization by focusing on construction firms in Nigeria. It was found that accounting information influences effectiveness of organization. However, the study did not point out any aspects of organizational values and its effect on accounting information presenting a conceptual gap.

While focusing on a bank x in Bandung, Sofianti and Neisya (2015) conducted a study on how organizational culture and information technology affects performance of accounting information. Descriptive research design was employed. The study found that information technology significantly affects performance of accounting information but organization culture did not. However, the study focused on banks contrasting current study that focuses on state owned corporations.

Ali (2016) conducted a study on the effect of organizational culture on the relationship between accounting information and organizational performance using Jordanian commercial banks. A structured questionnaire was used to gather data and data analyzed using SEM. It was found that information quality, system quality and service quality significantly affects performance. Organizational culture moderates the relationship between accounting information and organizational performance. However, in this study organizational culture was treated as a moderating variable unlike current study that use organizational culture as predictor of quality accounting information presenting a methodological gap.

Agbejule (2011) conducted a study on the influence of management accounting system on the nexus between organizational culture and firm performance. Structured questionnaire was used to collect data. Organizational culture moderates the relationship between accounting information and organizational performance. However, quality of accounting information was not discussed in the study presenting a conceptual gap.

## 3. Research Methodology

The study adopted both explanatory and descriptive research design. Descriptive research is useful in describing the population. The target population of the study was 69 state owned corporations in Indonesia. All the 69 state owned corporations in Indonesia were included in the study. The study employed questionnaire to collect data and analyzed using SPSS. Statistics employed include descriptive (frequencies, mean scores and standard deviation) and inferential statistics. The particular inferential statistics were correlation and regression analyses.

#### 4. Research Findings and Discussions

A total of 69 questionnaires were administered to state owned enterprises. 63 state owned enterprises participated in the study out of 69 questionnaires representing 91.3 percent response rate.

##### 4.1 Descriptive Analysis

###### 4.1.1 Attention to details

Attention to details indicators were analyzed using descriptive statistics. For the purposes of interpretation strongly disagree and disagree were interpreted together as disagreeing, agree and disagree were grouped and interpreted as agreeing while unsure was interpreted alone. Table 1 shows the descriptive results.

**Table 1: Attention to details**

Attention to details	Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree	Mean	SD
I observe accuracy of accounting information when preparing them	15.9%	11.1%	4.8%	39.7%	28.6%	3.5	1.4
Observation skills are important in the preparation of accounting data	9.5%	6.3%	9.5%	42.9%	31.7%	3.8	1.2
I have good organization accounting skills	9.5%	15.9%	6.3%	49.2%	19.0%	3.5	1.2
The analysis of accounting data is detailed and reliable	7.9%	12.7%	4.8%	42.9%	31.7%	3.8	1.3
accounting reports are seen and verified by chief accounting officer	9.5%	11.1%	11.1%	38.1%	30.2%	3.7	1.3

Table 1 shows that majority of employees agreed that employees observe accuracy of accounting information when preparing them, with mean score of 3.5 and standard deviation of 1.4 implying that observing accuracy of accounting information is important in ensuring quality of accounting information. The results also showed that majority of the employees agreed that observation skills are important in the preparation of accounting data with mean score of 3.8 and standard deviation of 1.2 implying that observation skills is critical in enhancing quality accounting information. The results also showed that majority of the employees agreed that they have good organization accounting skills with mean score of 3.5 and standard deviation of 1.2 implying good organization skills is an important aspect in providing quality accounting information. It was also revealed that majority of employees agreed that the analysis of accounting data was detailed and reliable, with mean score of 3.8 and standard deviation of 1.3 implying quality accounting data should be detailed and reliable. Further, also revealed that majority of employees agreed that accounting reports are seen and verified by chief accounting officer, with mean score of 3.7 and standard deviation of 1.3 implying that verifying accounting information by senior experts is important in enhancing quality of information therein.

#### 4.1.2 Quality of accounting information

Measures of quality of accounting information systems were analyzed using descriptive. A likert scale with options of 5- very good, 4- good, 3 - fair, 2 poor, 1 – very poor. For the purposes of interpretation very poor and poor were interpreted together as poor, very good and good were grouped and interpreted as good while fair was interpreted alone. Table 2 shows the results.

**Table 2: Quality of accounting information**

Quality of accounting information	Quality of accounting information				Very good	Mean	Standard Deviation
	very poor	poor	fair	Good			
Functionality	11.1%	9.5%	54.0%	14.3%	11.1%	3.0	1.1
Reliability	14.3%	12.7%	46.0%	17.5%	9.5%	3.1	1.3
Usability	15.9%	15.9%	47.6%	7.9%	12.7%	2.9	1.2
Efficiency	14.3%	12.7%	50.8%	15.9%	6.3%	2.9	1.1
Maintainability	17.5%	14.3%	47.6%	9.5%	11.1%	2.8	1.2

Table 2 shows that majority of employees rated functionality as measure of quality of accounting information fair, with mean score of 3.0 and standard deviation of 1.1 implying that functionality requires improvement. Reliability of accounting information was also rated fair with mean score of 3.1 and standard deviation of 1.3 implying that reliability of accounting information requires improvement. Usability of accounting information was rated fair with mean score of 2.9 and standard deviation of 1.2 with mean score of 2.9 and standard deviation of 1.1 implying that usability of accounting data requires improvement. Maintainability was rated fair, with mean score of 2.8 and standard deviation of 1.2. From the above measurement of quality accounting information, a lot of improvement is required signifying presence of a problem in the provision of quality accounting information at Uwezo Fund Corporation.

#### 4.2 Correlation Analysis

Table 3 shows the correlation results.

**Table 3: Correlation Coefficients Matrix**

		Quality of accounting information	Attention to details
Quality of accounting information	Pearson Correlation		1.000
	Sig. (2-tailed)		
Attention to details	Pearson Correlation	.666**	1.000
	Sig. (2-tailed)		0.000

Results further indicated that there is a significant positive association between attention to details and quality of accounting information ( $r=.666$ ,  $p=0.000<0.05$ ). Attention to detail refers to the accuracy and thoroughness when undertaking a task is. The preparation and subsequent reporting of accounting information require thorough attention to details. The preparation and subsequent reporting of accounting information require thorough attention to details. By paying attention to details, an organization is able to prepare quality, accurate, clear, relevant and verifiable accounting information. The results agree with Onalapo and Odetayo (2012) who conducted a study on how accounting information systems influence the effectiveness of organization by focusing on construction firms in Nigeria. It was found that

accounting information influences effectiveness of organization. The results agree with Agbejule (2011) indicate that attention to details promotes quality of accounting information. Further, Sofianti and Neisya (2015) attention to details is important in accounting information. According to Ali (2016) information quality, system quality and service quality significantly affects performance.

## 5.0 Conclusion

The study concludes that attention to details affects the provision of quality of accounting information. By paying attention to details, an organization is able to prepare quality, accurate, clear, relevant and verifiable accounting information. Attention to details will make sure that accounting information is accurate free from errors. The preparation and subsequent reporting of accounting information require thorough attention to details.

## 6.0 Recommendations

Attention to details is critical in enhancing accuracy and relevance of accounting information. The study recommends for clear and comprehensive steps when preparing counting information. There should be a mechanism that separates duties to ensure that a separate team prepares accounting reports while another checks for accuracy by pointing out transcription and transposition errors.

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