

Plagiarism Scan Report

Summary

Report Generated Date	13 Jul, 2018
Plagiarism Status	94% Unique
Total Words	883
Total Characters	6170
Any Ignore Url Used	No Ignore Url used

Content Checked For Plagiarism:

The purpose of this study is to examine the influence of manager competency and internal control effectiveness toward accounting information quality. Research was conducted on 87 companies listed in the Indonesia Stock Exchange and analyzed using SEM-PLS method. The empirical results indicate that manager competency and internal control effectiveness have a positive and significant effect on accounting information quality.

Information plays an important role for a company, because managers need information to determine the development of the company's operations and avoid risks which may cause the company suffered losses (Romney & Steinbart, 2009).

Accounting information is the output of accounting information system that is used by users to make the right decisions related to the company's activities (Sri Mulyani, 2008). Stakeholders uses accounting information to assess the risks and future prospects in determining the value of the company more accurately (Healy & Palepu, 2001). Therefore accounting information needed to achieve the business objectives of the company (Sacer et al., 2006).

Several factors that can affect the quality of accounting information are: manager competency (Cohen et al., 2004; Harrer, 2008; Higson, 2003; Sutton, 2004) and internal control effectiveness (Harrer 2008; Brink, 2011; Zinkin, 2014).

Cohen et al. (2004) suggested that the company's management has primary responsibility for ensuring that the company's financial reporting system, including the control environment as a whole, produce high-quality accounting information to be presented to stakeholders. More specifically Harrer (2008) stated that financial reporting personnel (manager) should be qualified and possess the experience and competencies needed to ensure the quality of financial statements. Specific skills and experience needed to prepare reliable financial statements should be identified and regularly evaluated, and accounting, tax, and IT personnel should have training to keep their skills current.

Studies on the effect of manager competency toward accounting information quality had conducted by Barton and Simko (2002), Aier et al. (2005), Brochet and Welch (2011), and Demerjian et al. (2013). The results of previous research indicates that manager competency has an effect on accounting information quality. Based on the description above, the first hypothesis proposed in this study:

H1 : manager competency has an effect on accounting information quality

The overall objective of internal control over financial reporting is to provide accounting information such as financial reports that accurate and reliable (Harrer 2008). Furthermore Zinkin (2014) stated that the purpose of internal control is to provide reasonable assurance that company has ability to ensure that effective and efficient operations, reliable financial reporting, and compliance with all relevant laws and regulations can be achieved.

Previous study regarding the effect of internal control effectiveness toward accounting information quality had conducted by Bedard (2006), Doyle et al. (2007), Ashbaugh-Skaife et al. (2008), and Lu et al. (2010). The results indicate that internal control effectiveness has an effect on accounting information quality. Based on the previous description, the second hypothesis proposed in this study:

H2: internal control effectiveness has an effect on accounting information quality

The test results using PLS showed that the model meets the convergent validity, discriminant validity and reliability of the instrument. It was followed by testing the goodness of fit of inner models using the R-square dependent latent variable. R-square value that obtained from the test is 0.258 which means that 25.8% change in accounting information quality explained or influenced by manager competency and internal control effectiveness. Q-value for manager competency and internal control effectiveness are equal to 0.171 and 0.105 which showed that each variables have a good level of prediction of accounting information quality.

Based on calculation results using SmartPLS, variable of manager competency has path coefficient value that equal to 0.287 and t value that equal to 3.193, which means manager competency has positive and significant effect on accounting information quality. Variable of internal control effectiveness has path coefficient value that equal to 0.302 and t value that equal to 2.076, which means internal control effectiveness has positive and significant effect on accounting information quality.

Based on the test results in this study indicates that variable of internal control effectiveness has the greatest influence on variable of accounting information quality. Thus, internal control is an important activities in company operation, in particular the financial activities to achieve company's goal. Internal controls should be implemented at all levels of management in the company and supervised by the manager in charge at each of the levels. Therefore, it should possess uniformity of understanding at all levels of management in order to become more effective in implementation of control.

Based on the results of study it can be concluded that manager competency and internal control effectiveness have a positive and significant effect on accounting information quality. Manager competency is needed to produce qualified accounting information. Improving the competence of managers will improve the quality of accounting information. Knowledge and skills in appropriate areas are needed to improve the managers competency. Internal control effectiveness is important to enhance the accounting information quality.

This study is only examine the influence of manager competency and internal control effectiveness on accounting information quality. Therefore, the further research are

expected to examine other variables that can effect accounting information quality, such as: good governance mechanism and accounting information system. The further research is also expected to use qualitative methods to discover other factors that affect the quality of accounting information.

Report generated by smallseotools.com

SmallSeoTools.com