

# An investigation of antecedents and outcomes of accounting information quality: Evidence from SMEs

Ayke Nuraliati\*, Ayi Astuti, Tamy Ali Januarty, Ahmad Johan, Dedi Sudarmadi

Department of Accounting, Universitas Langlangbuana, Bandung, Indonesia

\*Corresponding author email: [aykenuraliati@unla.ac.id](mailto:aykenuraliati@unla.ac.id)

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## ABSTRACT

In an increasingly competitive business environment, high-quality accounting information is crucial for companies seeking improved performance—particularly small and medium-sized enterprises (SMEs) in the manufacturing sector. Accounting information quality not only influences internal decision-making but also fosters trust among stakeholders, including investors, creditors, and business partners. This study aims to examine the roles of innovation capability, risk propensity, moral standards, knowledge management, and the management accounting information system (MAIS) in shaping accounting information quality and financial performance. Data were collected through 318 questionnaires distributed to general managers, financial managers, chief accountants, and internal auditors in randomly selected manufacturing companies in Bandung City. The data were analyzed using the SEM-PLS approach to test the relationships among the studied variables. The results indicate that innovation capability, risk propensity, moral standards, and knowledge management significantly influence both the management accounting system and the quality of accounting information. In turn, the management accounting system and accounting information quality significantly affect financial performance. Based on these findings, this study recommends that company management adopt modern MAIS, as it is a critical component for achieving competitive advantage and long-term survival in today's market.

## Introduction

It is widely understood that the key determinants of a business organization's financial performance include the effectiveness and efficiency of its operations, management, accounting, and marketing systems (Daat et al., 2021; Yu et al., 2023). The implementation of information systems and technology plays a vital role in transforming business processes, particularly within the manufacturing sector and among small and medium enterprises (SMEs) (Purwaningsih et al., 2024). The growth of the manufacturing industry has significantly contributed to national income, both through job creation and local economic development (Afifa & Nguyen, 2024; Gyamera et al., 2023). This sector consists of organizations that transform raw materials into finished products and is managed either individually or institutionally (Gyamera et al., 2024).

Manufacturing industries—whether small, medium, or large-scale—are recognized as major contributors to national economies, especially in developing countries (Gherghina et al., 2020). SMEs, in particular, constitute the majority of businesses globally and are key drivers of employment and economic progress (Al-Hattami, 2024; Senan, 2024). Despite their importance, limited research has examined how management accounting influences business performance, especially its financial aspects, within SME-scale manufacturing firms. Responding to the call by Saleh & Al-Nimer (2022), this study highlights the necessity of an effective, accurate, and innovative financial information system to improve performance and maintain competitiveness in an evolving business environment. Furthermore, an organization's innovation capability is a crucial factor in determining financial outcomes (Soetjipto et al., 2023). Business owners and managers must therefore develop innovation capabilities that link the management accounting system (MAS) and accounting information quality (AIQ) across departments to enhance organizational performance (Hutahayan, 2020; Saleh & Al-Nimer, 2022).

According to Sari et al. (2021), high-quality accounting information is typically produced when auditors possess both strong competence and high moral standards. Kusiyyah et al. (2024) emphasize that such competence stems from education and experience, while moral standards serve as ethical guidelines for fulfilling professional

responsibilities (Pinatik, 2021a). Prior studies have shown that accounting information quality is closely associated with an auditor's moral standards (Kusiyah et al., 2024). However, existing literature remains limited and does not provide a comprehensive understanding—particularly in the context of small-scale manufacturing firms, which have distinct characteristics in terms of organizational structure, resources, and financial reporting systems.

Gaining insight into how financial performance can be enhanced through MAS and AIQ provides valuable guidance for optimizing business processes and increasing efficiency. In accounting practice, variables such as moral standards, innovation capability, risk propensity, and knowledge management are all considered predictors of business performance. Despite their relevance, these topics remain underexplored in the manufacturing sector, particularly amid rapid technological advancement (Senan, 2024). Some studies have attempted to address these concerns. For example, Motta and Sharma (2020) examined the effect of lending technology on SME performance, while Rita and Huruta (2020) explored the link between capital access and performance, but found no significant relationship.

However, there is still a lack of empirical evidence connecting innovation capability, moral standards, risk level, and knowledge management to MAS and AIQ in the SME-scale manufacturing industry—especially in the Indonesian context. Therefore, this study attempts to explore and relate innovation capability, riskiness and management knowledge to MAS and AIQ in the context of small-scale manufacturing industries in Bandung City. This study aims to address that research gap by investigating how these factors collectively influence accounting information quality and financial performance, which remains an underexplored yet critical issue. By doing so, the study responds to the need for a more integrated understanding of the antecedents of MAS and AIQ as key mechanisms for improving SME financial performance.

## Literature Review

### Resource-Based View (RBV)

The theoretical foundation of this study is grounded in the Resource-Based View (RBV) of the firm, as introduced by Barney (1991). RBV emphasizes that a firm's internal resources—when they are valuable, rare, inimitable, and non-substitutable (VRIN)—can serve as the foundation for achieving sustainable competitive advantage (Barney, 1991). In the context of manufacturing SMEs, intangible assets such as innovation capability, moral standards, risk management practices, and knowledge management function as strategic internal resources. These capabilities play a crucial role in shaping organizational processes and systems, particularly management accounting information systems (MAIS) and the quality of accounting information (AIQ), which are key enablers of informed decision-making and performance improvement.

By applying RBV to this study, it is argued that the development and utilization of these internal resources enhance the effectiveness and integrity of accounting systems, ultimately contributing to improved financial performance. For instance, innovation capability facilitates the integration of advanced tools and adaptive structures into the accounting system, while strong moral standards ensure ethical reporting and accuracy. Similarly, effective knowledge management allows firms to capture, apply, and share insights that improve system functionality and reporting quality. By linking these internal capabilities to system outcomes (MAIS and AIQ), and subsequently to financial performance, this study aligns with RBV's core proposition that firm-level performance is largely determined by how well internal resources are managed and leveraged. Figure 1 presents the conceptual framework proposed in the study.

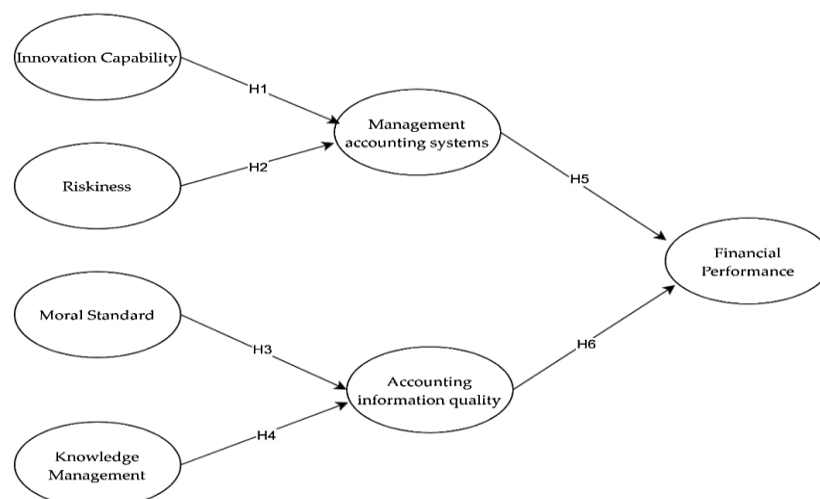


Figure 1. Research Model

### Innovation Capability and Management Accounting Systems

Companies that have an orientation towards values will be more innovative than companies that have a low orientation (Kareem et al., 2021). As stated by Malagueño and Bisbe (2012), every company needs more information as a basis for their work. Le et al. (2020) state that a company's innovation capability has a significant impact on all departments of the company, especially on the accounting system. This is because the provision of accurate information is helpful for companies to make decisions about change, and integrated information has an increasingly important function in company coordination (Le et al., 2020). According to (Rajapathirana & Hui, 2018) and Johan et al. (2023), organizational performance can be broken down into several hierarchical constructs that represent financial and operational performance, including market share and quality. The main metric used to measure organizational performance is a company's innovation capability. Salim et al. (2023) state that a company's innovation capability plays an important role in driving the development of an accounting system's quality. Innovation allows the integration of more sophisticated technology and processes into the accounting system, resulting in more accurate, relevant, and timely information. Thus, the first hypothesis is proposed as follows.

H<sub>1</sub>: Innovation capability has a positive effect on accounting information system quality.

### Riskiness and Management Accounting Systems

According to Alareeni and Hamdan (2021), riskiness is the level of risk or extent to which something is considered risky. In financial information quality systems, riskiness refers to the level of risk a company faces regarding the accuracy, relevance, and reliability of the financial data presented. Companies can improve their performance by reducing high-risk levels. Vignero and Wenmackers (2021) support the use of accounting systems in business to improve the quality of information and the level of control and reduce risk. According to Saleh and Al-Nimer (2022), a positive relationship exists between corporate risk management and financial performance. Therefore, MAIS has a significant impact on predicting the difficulties that may arise when implementing alternatives in various processes, including planning, controlling, and decision-making (Soewarno & Tjahjadi, 2020). Another study conducted by Senan (2024) also stated that risk management practices significantly affect small and medium enterprises. Thus, the second hypothesis is proposed as follows.

H<sub>2</sub>: Riskiness has a positive effect on MAIS.

### Morald Standar and Accounting Information Quality

Saleh & Al-Nimer (2022) The external environment and experiences act as individual imprints that can shape a person's values and habitual behavior. Likewise, culture significantly shapes an individual's preferences and values, which ultimately influence a person's behavior. Strong moral standards play an important role in determining the quality of a company's accounting information (Sari et al., 2021) High-quality accounting information has key characteristics such as relevance, reliability, and understandability. However, achieving this depends not only on the technical framework but also on the ethics and morality of the individuals involved in the preparation and reporting of the company's accounting information (Silvia et al., 2020). Moral standards are the foundation that guide individual behavior to highly value rules, obedience, and principles (Sari et al., 2021). This strict adherence is evident in the financial reporting process, which leads to more accurate and high-quality accounting information. Moral standards influence how an accountant or financial manager interprets financial data, adheres to accepted accounting principles, and avoids manipulating information (Kusiyah et al., 2024b). On the other hand, low moral standards can lead to unethical behavior that can damage the integrity of accounting information, causing inaccurate information to be inaccurate (Kerler & Killough, 2009). Thus, moral standards become the main foundation for ensuring that accounting information does not only meets technical requirements.

H<sub>3</sub>: Moral standards have a positive effect on accounting information quality.

### Knowledge Management and Accounting Information Quality

According to Bakri and Mulyani (2019), knowledge is assumed to be an intangible asset resource, which is an important factor that, if utilized properly, can have a significant impact on a company or organization so that it is competitive. Therefore, effective knowledge management supports the capabilities of the company so that it contributes to sustainability (Alrjoub et al., 2023; Bakri & Mulyani, 2019). According to Alrjoub et al. (2023), knowledge management refers to a set of processes that can be developed to create, store, transfer, and apply knowledge to improve organizational performance. According to Al-Dmour et al. (2023), organizations with effective knowledge management functions tend to utilize resources that lead to better results. Business success can be obtained through management functions and AIQ. In this context, the effectiveness of accounting information systems is related to management knowledge. Companies with the ability to acquire, integrate, and apply knowledge are expected to improve AIQ (Siregar et al., 2023). Previous studies have found that the better the knowledge management, the better the quality of accounting information systems. In addition, research conducted by Bakri & Mulyani (2019) states that

the accounting information system and strategic management are supported by the quality of knowledge management to achieve company goals. Thus, we propose the following hypothesis:

H<sub>4</sub>: Knowledge management has a positive effect on accounting information quality.

#### Management Accounting System and Financial Performance

According to [Hutahayan \(2020\)](#), MAIS is designed to provide relevant financial information for managers or owners in the decision-making process. In addition, [Saleh and Al-Nimer \(2022\)](#) mentioned that MAIS can provide flexible information, as well as quality and consistency. Previous studies provide significant evidence of the relationship between financial performance and profitability through the impact of MAIS ([Alrabei et al., 2023](#)). Management accounting services are important routine activities that aim to support organizations in decision making and improve organizational performance, especially in the financial aspect. In addition, management accounting allows managers to assist in the planning process and establish a fundamental structure by which an organization's economic events can be measured and presented to decision makers ([Saleh & Al-Nimer, 2022](#)). [Hutahayan \(2020\)](#) In implementing strategies effectively, reliable information is a very important factor in implementing strategies effectively. The suitability between information and the needs of decision-makers can have an impact on company performance, especially in the financial aspect. Thus, the fifth hypothesis is proposed as follows.

H<sub>5</sub>: Management accounting system positively influence financial performance

#### Accounting Information Quality and Financial Performance

The quality of a company's financial information can have a positive impact on shareholders and other stakeholders. In addition, the quality of financial information can reduce ambiguity in decision-making and provide clarity to the financial statements presented. Therefore, the integrity and reliability of data generated by an organization's information system are very important, not only to produce reliable financial reports, but also to the overall success of the organization ([Al-Dmour et al., 2023](#)). Financial quality information has standards that include accuracy, relevance, and security ([Hartikayanti et al., 2018](#)). Accounting information systems produce and maintain data, such as financial reports containing information about accounts and their balances, which organizations use to plan, evaluate, and diagnose operations and financial situations ([Al-Hattami, 2024](#)). Therefore, companies must be able to build an accounting system that provides the maximum benefits at the lowest possible cost. [Al-Dmour et al. \(2023\)](#) state that presenting quality accounting information can minimize liquidity risk. Previous studies conducted by [Al-Hattami \(2024\)](#) and [Gyamera et al. \(2024\)](#) found that company success can be influenced by management knowledge and AIQ. Thus, the final hypothesis is as follows:

H<sub>6</sub>: Accounting information quality has a positive effect on financial performance.

#### Research Method

This study employs a quantitative research approach to examine the influence of innovation capability, riskiness, moral standards, and knowledge management on management accounting information systems (MAIS), accounting information quality (AIQ), and ultimately, financial performance in small-scale manufacturing companies in Bandung City. The research aims to test the proposed hypotheses and provide empirically grounded recommendations for enhancing performance in the manufacturing sector. A descriptive-analytical design was adopted, involving field-based data collection from selected companies. The research instrument—a structured questionnaire—was developed by adapting validated items from previous studies relevant to the constructs under investigation. The target respondents were individuals in key financial and managerial roles, including general managers, financial managers, chief accountants, and internal auditors.

To determine the adequacy of the sample size, this study refers to the minimum sample size requirement for SEM-PLS analysis, as suggested by [Hair et al. \(2019\)](#). According to the Hair et al. (2019), the minimum number of respondents should be 10 times the maximum number of structural paths pointing at a latent construct in the model. In this study, the construct with the most indicators is Innovation Capability, which is measured by six items, requiring a minimum of 60 respondents. However, to ensure statistical power and robustness, a more conservative approach was adopted using G\*Power analysis, which recommends a sample size of at least 200 for medium effect size (0.15), power of 0.80, and significance level of 0.05 in models with multiple predictors. With 318 valid responses, the sample size of this study exceeds both guidelines, ensuring the statistical reliability of the SEM-PLS analysis.

All returned responses were subjected to rigorous statistical analysis. The questionnaire utilized a five-point Likert scale (ranging from *strongly disagree* to *strongly agree*) to capture perceptions and evaluations of the constructs. The data were analyzed using the Partial Least Squares Structural Equation Modeling (SEM-PLS) method, which is appropriate for testing complex models involving multiple variables and paths, especially in studies with exploratory objectives and moderate sample sizes.

### Measurement of variables

This study develops a questionnaire from previous studies to measure the relationship between variables consisting of innovation capability, riskiness, moral standards, knowledge management, MAS, and AIQ and financial performance. Each variable is measured as follows:

- Innovation capability is measured using six items adopted from previous research (Saleh & Al-Nimer, 2022). An example item is “Our company often tries to come up with new ideas.”
- Riskiness is measured using four items adopted from previous research (Saleh & Al-Nimer, 2022). An example item is “Our managers act with careful consideration when making decisions about new product development.”
- Moral standards were measured using four items adopted from previous studies (Pinatik, 2021b). Examples of items are “complying with the auditor's professional code of ethics in every audit assignment that I carry out, responsibility, competence, compliance, and commitment”.
- Knowledge management is measured by five items adopted from research (Bakri & Mulyani, 2019) which consists of creation, storage, sharing, application, and acquisition of knowledge.
- The management accounting system is measured by four items adopted from research (Hutahayan, 2020) which consists of broad coverage, aggregation, integration, and timeliness.
- Accounting information quality is measured by five items adopted from the research (Gyamera et al., 2024)
- Financial performance was measured using five points adopted from the research. (Hutahayan, 2020)

### Results and Discussion

In this study, most companies in the manufacturing sector were well established in their field (85% had at least five years of experience) and relatively large (93% employed at least 100 employees). More than half (69%) of the respondents had relatively high levels of experience. Most of the respondents were well-educated, holding undergraduate and postgraduate degrees (70.44% with a bachelor's degree and 29.56% with a master's degree).

Table 1. Respondent Profile

Respondents	Frequency	Percentage (%)
<b>Company Criteria</b>		
Company Age:		
1 - 5 years	60	15
5 - 10 years	220	55
More than 10 years	120	30
Number of Employees:		
50 - 100 people	30	8
100 - 200 people	220	55
200 - 400 people	80	20
More than 400 people	70	18
<b>Individual Criteria</b>		
Gender:		
Male	160	50.31
Female	158	49.69
Age:		
25 – 30 years	86	27.04
31 – 40 years	87	27.36
41 – 50 years	100	31.45
More than 50 years	45	14.15
Length of Work:		
4 – 6 years	97	30.50
7 – 9 years	135	42.45
More than 9 years	86	27.04
Education:		
S1	224	70.44
S2	94	29.56
Job Level:		
General Manager	65	20.44
Financial Manager	93	29.25
Chief Accountant	74	23.27
Internal Auditor	86	27.04

In general, the variables in the study had high mean values, ranging from 3.59 to 4.24, indicating that respondents tended to give positive assessments to all constructs. The standard deviation values range from 0.77 to 1.14, indicating variation in responses, with Management Accounting Systems (MAS) having the highest variation ( $SD = 1.14$ ) (See Table 2). The relationships between the variables showed significant positive correlations at the 99% ( $p < 0.01$ ) and 95% ( $p < 0.05$ ) confidence levels. Innovation Capability (IC) has a strongly correlated with Riskiness (RIS) ( $r = 0.693$ ) and Accounting Information Quality (AIQ) ( $r = 0.741$ ). Riskiness (RIS) also had a strong relationship with moral standards (MS) ( $r = 0.789$ ), while Knowledge Management (KM) shows moderate correlations with MAS ( $r = 0.548$ ) and FP ( $r = 0.541$ ). MAS has the strongest relationship with Financial Performance (FP) ( $r = 0.634$ ), indicating a significant influence in this context. Meanwhile, the correlation between AIQ and MAS was the lowest ( $r = 0.144$ ,  $p < 0.05$ ) but was still significant.

Table 2. Means, standard deviations, and intercorrelations.

Variables	Mean	SD	IC	RIS	MS	KM	MAS	FP	AIQ
IC	4.23	0.77	1						
RIS	4.24	0.82	0.693**	1					
MS	4.22	0.83	0.635**	0.789**	1				
KM	4.13	0.78	0.505**	0.560**	0.568**	1			
MAS	3.59	1.14	0.248**	0.305**	0.333**	0.548**	1		
FP	4.12	0.78	0.323**	0.417**	0.438**	0.541**	0.634**	1	
AIQ	4.21	0.79	0.741**	0.474**	0.438**	0.382**	0.144*	0.251**	1

Note: \*\*  $p < 0.01$ ; \*  $p < 0.05$

IC-Innovation Capability; RIS-Riskiness; MS-Moral Standard; KM-Knowledge Management; MAS-Management Accounting System; FP-Financial Performance; AIQ-Accounting Information Quality.

Reliability, convergent validity, and discriminant validity tests were conducted using the PLS algorithm (Table 3). The results showed that all the constructs met the criteria for reliability and convergent validity. The Composite Reliability (CR) values for all variables were above 0.7, indicating a good level of internal consistency. The Average Variance Extracted (AVE) value also met the minimum threshold of 0.5, indicating that each construct explained more than 50% of the variance of its indicators. Based on the Fornell-Larcker criterion, the square root value of AVE (shown on the diagonal of the table) is greater than the correlation between other constructs in the related columns and rows, indicating that discriminant validity is met. For example, for Accounting Information Quality (AIQ), the square root value of AVE is 0.770, which is higher than the correlation with other constructs such as Financial Performance (FP) (0.258) or Innovation Capability (IC) (0.720). Overall, these results indicate that the constructs in the model have high reliability, good convergent validity, and adequate discriminant validity, making them suitable for further structural analysis.

Table 3. Reliability, convergent validity and discriminant validity of study's constructs, the Fornell-Larcker criterion's values

Variables	CR	AVE	AIQ	FP	IC	KM	MAS	MS	RIS
AIQ	0.879	0.593	0.770						
FP	0.911	0.674	0.258	0.821					
IC	0.888	0.573	0.720	0.337	0.757				
KM	0.857	0.547	0.413	0.535	0.545	0.739			
MAS	0.959	0.854	0.154	0.643	0.283	0.465	0.924		
MS	0.856	0.600	0.508	0.436	0.700	0.596	0.314	0.775	
RIS	0.903	0.702	0.477	0.419	0.717	0.590	0.315	0.602	0.838

Note: IC-Innovation Capability; RIS-Riskiness; MS-Moral Standard; KM-Knowledge Management; MAS-Management Accounting System; FP-Financial Performance; AIQ-Accounting Information Quality.

Hypothesis testing was carried out using the bootstrapping function in Smart PLS, with the following results: Management Accounting Information Systems (MAS) is significantly influenced by Innovation Capability (IC) ( $\beta = 0.217$ ,  $t = 3.257$ ,  $p < 0.001$ ) and Riskiness (RIS) ( $\beta = 0.231$ ,  $t = 3.003$ ,  $p = 0.003$ ), with an  $R^2$  value of 0.506, indicating that IC and RIS together explained 50.6% of the variance in MAS. Accounting Information Quality (AIQ) is significantly influenced by Moral Standards (MS) ( $\beta = 0.406$ ,  $t = 4.831$ ,  $p < 0.001$ ) and Knowledge Management (KM) ( $\beta = 0.171$ ,  $t = 2.369$ ,  $p = 0.018$ ), with an  $R^2$  value of 0.677, indicating that MS and KM explain 67.7% of the variance in AIQ. Furthermore, Financial Performance (FP) is significantly influenced by Management Accounting Systems (MAS) ( $\beta = 0.618$ ,  $t = 15.027$ ,  $p < 0.001$ ) and Accounting Information Quality (AIQ) ( $\beta = 0.163$ ,  $t = 3.224$ ,  $p = 0.001$ ), with an  $R^2$  value of 0.636, meaning that MAS and AIQ explain 63.6% of the variance



in F.P. Overall, all hypotheses (H1 to H6) are accepted, indicating a positive and significant relationship between the variables in the research model.

Table 4. Results of Hypothesis Test

Outcome	Predictors	R <sup>2</sup>	Original Sample	SD	t-statistics	P Values
MAS	IC (H1)	0.506	0.217	0.067	3.257	0.000
	RIS (H2)		0.231	0.077	3.003	0.003
AIQ	MS (H3)	0.677	0.406	0.084	4.831	0.000
	KM (H4)		0.171	0.072	2.369	0.018
FP	MAS (H5)	0.636	0.618	0.041	15.027	0.000
	AIQ (H6)		0.163	0.050	3.224	0.001

Note: IC-Innovation Capability; RIS-Riskiness; MS-Moral Standard; KM-Knowledge Management; MAS-Management Accounting System; FP-Financial Performance; AIQ-Accounting Information Quality.

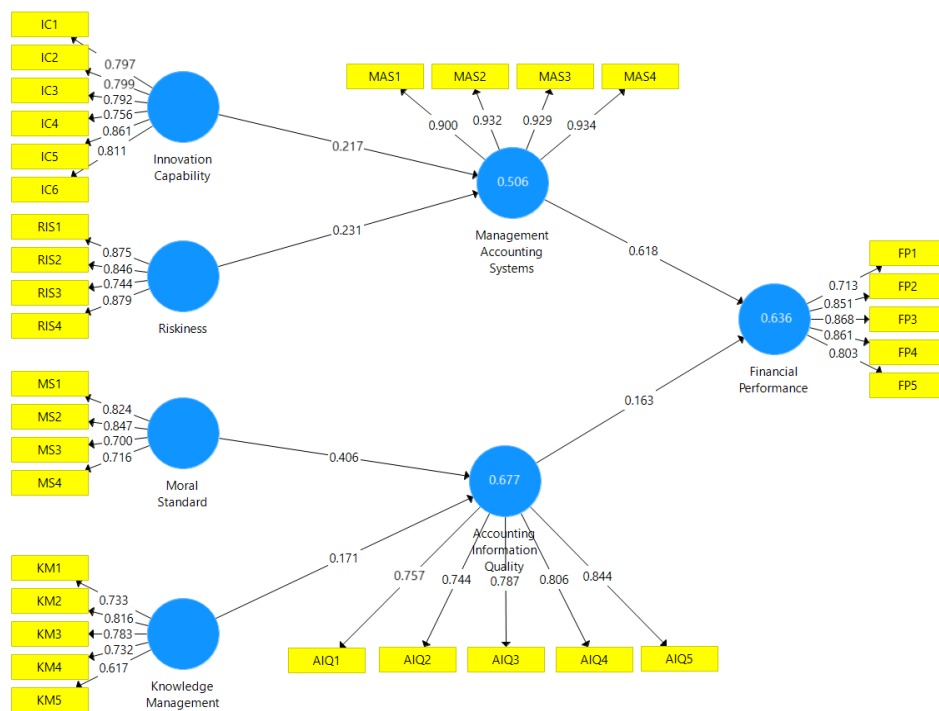


Figure 2. Structural Model

## Discussion

This study aims to determine the role of innovation capability, riskiness, moral standards, and knowledge management on MAS and AIQ and their impact on financial performance in the SME industrial sector in Bandung. The results of this study indicate that innovation capability and riskiness affect MAS. The findings indicate that management accounting systems (MAS) are an important element in managerial decision-making, especially in a dynamic business environment. Innovation capability is a key factor that influences how MAS is development and use of MAS in an organization. As stated by Gyamera et al. (2024), the ability of an organization to innovate can have an impact on the creation, development, and implementation of ideas to improve effectiveness and efficiency, especially in the MAS aspect. In addition, the tendency to take risks is an action in decision making that tends to be oriented towards information. Therefore, organizations that have the courage to take risks tend to adjust their management accounting systems to be more adaptive to uncertainty and environmental change.

The research also found that moral standards and knowledge management influence AIQ. The findings show that moral standards play an important role in determining the quality of information produced by an organization. Honesty and integrity are the main elements that maintain the quality of accounting information in an organization. The research results are in line with the study by Sari et al. (2021), which showed that when a person follows good ethical principles, the practice of manipulating the presentation of reports can be minimized. In addition, transparency in the presentation of financial information can help make better and more reliable decisions. These findings are also supported by Silvia et al. (2020), who find that compliance with applicable accounting standards reflects the application of high moral standards.

Furthermore, our findings show that knowledge management influences the AIQ. The impact of knowledge management on AIQ is relevant. This is because knowledge, especially in the form of information technology, can be distributed to support the AIQ. Empirically analyzing the concept of knowledge management is very important for creating a competitive advantage. These findings are supported by similar studies from previous studies, such as (Ahmad & Al-Shbiel, 2019) and (Al-Dmour et al., 2023). Knowledge management encompasses the process of creating, storing, sharing, and applying knowledge within an organization. With effective KM implementation, companies can ensure that the accounting information produced is accurate, relevant, and reliable.

Finally, this study also finds that the management accounting system and accounting information quality influence financial performance. The findings show that MAS play an important role in improving a company's financial performance by providing relevant information. The results of this study are supported by (Alrabei et al., 2023) that a well-measured MAIS can improve managerial effectiveness, especially in a complex business environment. Accurate and timely information from MAS helps managers plan, control, and evaluate organizational performance. A study conducted by Le et al. (2020) also proved that MAS is an important factor in improving organizational performance. The study was conducted on 200 small- and medium-scale managers through distributed questionnaires. The findings indicate that the connectivity of all management functions plays an important role in increasing the effectiveness and efficiency of the management accounting system, thus improving financial performance. In addition, a study conducted by Saleh and Al-Nimer (2022) emphasized that the use of MAS can provide an important function in obtaining and processing information when predicting changes in the internal and external environments of the organization.

The results of this study show that AIQ affects financial performance. The findings indicate that an accounting system can improve the financial performance of an organization. In line with the study conducted by (Saleh & Al-Nimer, 2022) states that the quality of accounting information shows a significant relationship to organizational performance. High-quality accounting information, which includes reliability, relevance, comparability, and timeliness, enables management to make more accurate and strategic decisions. When accounting information is presented in a transparent and reliable manner, organizations can manage resources more effectively, optimize profitability, and improve operational efficiency.

In addition, high-quality accounting information also contributes to increasing the trust of stakeholders, including investors, creditors, and regulators. With valid and accountable information, the risk of uncertainty in decision-making can be minimized so that organizations can be more adaptive in facing the dynamics of the ever-evolving business. Therefore, the significant relationship between accounting information quality and organizational performance is an important factor in creating competitive advantage and business sustainability.

## Conclusion

This study investigates the relationship between innovation capability, riskiness, moral standards, and knowledge management in management accounting systems (MAS) and accounting information quality (AIQ) and the financial performance of companies in the manufacturing industry in Bandung. Using a quantitative approach and descriptive-analytical method, this study involved 318 respondents, consisting of general managers, financial managers, chief accountants, and internal auditors. Data were collected through electronically distributed questionnaires and analyzed using the SEM-PLS method. The results of this study indicate that all the proposed hypotheses are proven to be significant. Innovation capability and riskiness have positive effects and are significantly related to the quality of management accounting information systems. Moral standards and knowledge management were also found to have a positive effect on the quality of information systems. Furthermore, the management accounting system and quality of the accounting system show a significant relationship, which ultimately has a positive impact on financial performance. This finding confirms that the implementation of a quality- and innovation-based accounting system is very important for manufacturing companies to improve their operational efficiency and financial performance.

This study provides theoretical contributions by expanding the understanding of the role of MAS and AIQ in the context of manufacturing sector companies, especially in Bandung. In addition, the results of this study also support the literature that emphasizes the importance of innovation capabilities and knowledge management in determining the quality of accounting information and financial performance. From a practical perspective, the results of this study provide recommendations for companies to continue to improve innovation capabilities, maintain high morale, and develop effective accounting systems to support better decision-making.

However, this study has some limitations. First, the focus of the study is only on the manufacturing sector in Bandung city; therefore, the results of this study may not be generalizable to other sectors or regions. Second, the use of questionnaires as the only data collection instrument may have caused response bias. For further research, it is recommended to expand the sample coverage by involving various industrial sectors and regions and using a mixed methodology approach to obtain more comprehensive results. In addition, exploration of other variables that may affect the relationship between MAS, AIQ, and financial performance could be an interesting area of research in the future.



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