

The Influence of Quality of Management Accounting Information System on the Implementation of Good Corporate Governance and It Impacts on the Company Performance

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Abstract—The decrease of sharia commercial banks performance in the several years (2014-2017) may be caused by the low of implementation of good corporate governance's (GCG) principles. And the low of implementation can caused by the low of Quality of Management Accounting Information System (QMAIS). This study aims to prove empirically that QMAIS can influence the implementation of GCG so that it has impact on company performance. The study uses survey as the research method which the method of data collection is by distributing the questionnaire to the managers in the middle management level. The research population is 42 banks of all banking institutions in Bandung City with the target population are 12 banks of all Sharia Commercial Banks in Bandung. The sampling technique uses convenience sampling. Further, the hypothesis testing will be done by using SEM-PLS statistical techniques. The study results show that QMAIS does not have influence on the implementation of GCG. Then, the implementation of GCG has positive and significant influence on company performance, it can be interpreted that the better the implementation of GCG, the better the company performance.

Keywords—quality of management accounting information system; good corporate governance; company performance

I. INTRODUCTION

Good Corporate Governance (GCG) can be defined as corporate organ activity in conducting corporate activities as a legal entity, either internally or in relation to outside corporate stakeholders [1]. The implementation of GCG in sharia banking institutions becomes an undeniable necessity. Even sharia banks must emerge as pioneers in implementing GCG because sharia banking institutions carry religion names into business institutions. In Bank Indonesia Regulation No. 11/33/PBI/2009 on Implementation of Good Corporate Governance for Sharia Commercial Bank and Sharia Business Unit Article 2 paragraph (1) as well as Decision Letter from OJK (2015) [2, 3], it is explained that banks are required to implement GCG in every business activity at all levels or levels of the organization.

The imperative of sharia banking institutions as pioneers of GCG enforcement compared to conventional banks, according to Algaoud et al. because the issues of governance in sharia banking is very different from conventional banks [4]. First, sharia banks have an obligation to comply with principles of sharia compliance in running their business as a result Sharia Supervisory Board (DPS) plays an important role in governance structure of sharia banking. Second, because the potential for information asymmetry is very high for sharia banking, then the agency theory problem becomes very relevant [5]. To minimize the risk of information asymmetry, it is necessary the quality of management accounting information system in every activity of sharia banking institutions [5]. The quality of management accounting information system (QMAIS) can be interpreted as a form of statement about the conditions in which MAIS can generate useful information for managers in running the management process [6].

The quality of MAIS will influence good implementation of corporate governance (GCG) [7]. Some studies indicate that management accounting systems influence on corporate governance structure and under conditions of high management accounting systems change has significantly impact on governance structure [8, 9]. Further, quality of MAIS will improve the implementation good study program governance through quality of management accounting information [10]. The implementation of good corporate governance (GCG) that fully implements GCG principles in maximum effort is able to produce good company performance as well [11]. Good corporate governance can control management and risk so as to have positive and significant impact on organizational performance [12]. There are many other studies which have shown that implementation of GCG is able to contribute to improving company performance such as Andriana & Panggabean find that GCG mechanism simultaneously have significant effect on financial performance [13], Ahmed & Hamdan found a positive influence of CG mechanism on performance [14], Naimah & Hamidah show that CGG positively influence profitability [15], Rahnama & Jalili also show that CG Index significantly impacts on the company

performance [16], Yesser et al. show that CG mechanisms have significantly positive relationship with ROE [12]. There are many other investigations have found that GCG has positively associated with the financial performance [17], GCG has positively related to the bank's profitability measure by ROA [18], in generally GCG has positive impact on all the performance indicators of an organization [19], the other result show that GCG has relationship with bank performance [20]. In other studies, the result show that the relationship between GCG and firm performance in Chinese Institutional environment is sharply different from the predictions of the agency theory [5]. Like in other approaches, the GCG research contributes the comprehensive model of board gender diversity characteristic and will consequently has policy implications on governance guidelines [21, 22]. Most of the work published so far in subject of GCG concerned the behaviours and operational condition of companies in developed market, especially the organization operating in Indonesia market or the global market. This study aims to prove empirically that QMAIS can influence the implementation of GCG so that it has impact on company performance in several Sharia Bank in West Java, Indonesia. The study results show that QMAIS does not have influence on the implementation of GCG. Then, the implementation of GCG has positive and significant influence on company performance, it can be interpreted that the better the implementation of GCG, the better the company performance.

II. METHODS

The research method this study will be explained as follows: 1) Judging from the purpose of research, this study is included in survey research. 2) Judging from the type of study (type of investigation), this study type of research is verification (explanatory research) or causality (causal study), because this study aims to determine what and how far the factors which are estimated to influence a variable with the aim to test the hypothesis [23]. This study can explain how big the influence of the Quality of Management Accounting Information System (QMAIS) to the Implementation of GCG and its impact on Company Performance.

The study population is 42 banks of all banking institutions in Bandung City [24], the target population is 12 institutions of all Sharia Commercial Banks in Bandung in the period of 2016-2017. In this study, all population targets will be sampled using non probability sampling technique with convenience sampling method. Data collection is a systematic and standard procedure for obtaining the data which is used [22]. The collecting technique in this study is questionnaire.

The questionnaire was given directly to the operational managers in sharia banks of Bandung City. The questionnaire contains questions to obtain information about the quality of management accounting information system and the implementation of good corporate governance and company performance with BSC method. In accordance with the formulation of the problem, the purpose of research, formulation of hypotheses, and the amount of data collected, the method of analysis in this study is to use SEM-PLS (Partial Least Square).

III. ANALYSIS AND RESULTS

A. The Influence of Quality of Management Accounting Information System to the Implementation of Good Corporate Governance

Quality of Management Accounting Information System (QMAIS) is hypothesized to influence the implementation of Good Corporate Governance (GCG). The following test results show the significance of the first hypothesis:

TABLE I. TESTING RESULT ON INFLUENCE OF QMAIS TO GCG

Hypothesis	Path Coefficient	t-count	t-critical	Decision	Information
QMAIS → GCG	-0.104	0.480	1.96	Ho accepted	Insignificant

Source: The calculation result of SmartPLS 3.0 (processed)

Based on Table 1, it can be seen that t_{count} value on Quality of Management Accounting Information Systems variable (0.480) is smaller than $t_{critical}$ (1.96). Because t_{count} value is smaller than $t_{critical}$, then the error rate of 5%, H_0 is accepted. So, based on the testing results, it can be concluded that the Quality of Management Accounting Information System does not have significant influence on Good Corporate Governance. The study results provide empirical evidence that the higher Quality Management Accounting Information System will reduce the implementation of Good Corporate Governance. This is due to the direction of negative path coefficient.

B. The Influence of the Implementation of Good Corporate Governance on Company Performance

Implementation of Good Corporate Governance is hypothesized to influence Company Performance. The following test results show the significance of the second hypothesis:

TABLE II. TESTING RESULT ON THE INFLUENCE OF GCG TO COMPANY PERFORMANCE

Hypothesis	Path Coefficient	t-count	t-critical	Decision	Information
GCG → CP	0.581	6.369	1.96	H_0 rejected	Significant

Source: The calculation result of SmartPLS 3.0 (processed)

Based on Table 2, it can be seen that t_{count} value on implementation of GCG variable (6.369) is bigger than $t_{critical}$ (1.96) because t_{count} is bigger than $t_{critical}$, then the error rate of 5%, H_0 is rejected. So, based on the testing results, it can be concluded that the implementation of GCG has significant influence on Company Performance. The study results provide empirical evidence that the better/higher implementation of GCG will improve the Company Performance. This is due to the direction of the positive path coefficient.

Based on the results of hypothesis testing in Table 1, it can be stated that the Quality of Management Accounting Information System (QMAIS) does not have significant influence on the error rate of 5%, because the value of t_{count} is smaller than $t_{critical}$. From the results of path coefficient shows

the negative direction, it can be concluded that the higher the Quality of Management Accounting Information System will reduce the implementation of Good Corporate Governance. From some previous research results, it is very little thing that support the empirical evidence which we produce in this study. In general from previous research results, it is stated that the Quality of Management Accounting Information Systems contribute positively to the implementation of Good Corporate Governance. Researchers can explain the various possibilities of the study results that this can be caused by the data which is less than 100, because only 45 questionnaires from 9 institutions of sharia banking institutions that were returned. It can be said that for sharia banking institutions, the Quality of Management Accounting Information System does not have influence on the implementation of Good Corporate Governance. There is one previous research that supports the study results. It is a study which was conducted by Susanto stating that the Quality of Accounting Information System does not have influence on Good Governance, but the Quality of Information Systems will influence Good Governance through the Quality of Accounting Information [10].

Based on the results of interviews with sharia banking institutions, the high level of quality of accounting information system does not guarantee the managers and decision makers of the company runs the principles of good corporate governance (GCG). This is due to many factors that cause the implementation of GCG in terms of its principles can run as well as organizational culture and effectiveness of company internal control [25]. Therefore, the study results can be a motivation for us or other researchers to continue to test and to investigate more deeply about the other factors than the quality of management accounting information systems that can support the realization of good corporate governance with full or maximum effort.

Based on the results of subsequent hypothesis testing in Table 2, it shows that the error rate of 5% from the implementation of GCG significantly influences the company performance. Based on the value of path coefficient, the results also prove empirically that the better implementation of GCG will improve company performance. The study results are supported by very many previous research results which generally stated that the implementation of GCG can improve the company performance, such as Andriana & Panggabean find that GCG mechanism simultaneously have significant effect on financial performance [13], Tornyeva & Theophilus show that GCG has positively associated with the financial performance [17], Fidanoski et al. also show that GCG mechanism has positively related to the bank's profitability measures by ROA [18], and Mustapa, Rizad & Ghazali argue that GCG has related to firm performance [5], and Buallay et al. show that GCG has positive impact on firm performance, and others [26]. Based on the results of interviews with the management of sharia banking, the implementation of GCG in terms of principles will be able to encourage the realization of good company performance as well. The company performance in this research is measured using Balanced Scorecard method which has four perspectives (financial perspective, customer perspective, internal business process perspective, and growth and learning perspective). Viewed

from the perspective of growth and learning that the implementation of GCG can increase productivity and commitment of personnel, able to create conducive working environment, openness in expressing opinions, and all information can be accessed easily by each personnel. From the good implementation of growth and learning perspective, internal business process can improve the realization of continuous improvement in the company so that various activities that do not have added value can be reduced. In addition, customer satisfaction can continue to be improved and ultimately the financial performance of the company in terms of financial return, sales revenue, and decreased costs can be realized [27]. Furthermore, it can be explained that a good implementation of GCG will make managers and other members of the organization able to appreciate and to take care more about the fate of the organization where they work so that they will try to show high performance to help the achievement of organizational goals. In other words, that is the better the implementation of GCG in an organization, the higher the achievement of organizational performance [11].

IV. CONCLUSION

Based on the discussion in the previous chapter, it can be concluded as follows:

- Quality of Management Accounting Information System does not have influence on the Implementation of Good Corporate Governance.
- Implementation of Good Corporate Governance has positive and significant influence on Company Performance. In other words, the better the implementation of Good Company Governance, the better the Company Performance.

ACKNOWLEDGMENT

This study can be done well because of full support from the Faculty of Economics and Business and Accounting Study Program in Universitas Islam Bandung. This study has been funded entirely by the Institution of Research and Community Services in Universitas Islam Bandung. Our team is very grateful to the Chairman of Institution of Research and Community Services in Universitas Islam Bandung, Dean of the Faculty of Economics and Business and the Chairman of Accounting Program in Universitas Islam Bandung for their support, attention and cooperation.

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