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A Case Study of Multi-Method Information at Haines Watts Corporation Examining the Qualitative Characteristics of an Accounting Information System within a Financial Corporation

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ABSTRACT

We can say that this century is known as the information era due to the vast amount of data and databases that are utilized in all aspects of human life. The qualitative features of accounting information systems are essential because they make it simpler for both company management and local investors to make informed decisions based on a company's financial statements. This study attempts to clarify the information quality in accounting systems, using the London, United Kingdom-based Haines Watts financial corporation as a case study. Using analyses of Haines Watts' accounting standards, current level of implementation, and overall accounting practices, this article presents real-world data regarding the role of accounting information in making economic decisions at various levels by the firm's users. With today's economic and technological advancements, a well-organized information system is absolutely necessary. Consequently, information quality is gaining importance in the provision of data to enterprises undertaking planning and control tasks. The purpose of this study is to examine the qualitative attributes and characteristics, as well as their limitations. Accounting and management information systems are the primary focus. Errors in computer software programs and human error inevitably lead to the production of low-quality data, which negatively impacts the decision-making processes of businesses, which are crucial for their future outlook and reputation. This study has no direct implications for legal accounting practices, but it may provide several guidelines as a foundation for future scholarly research on accounting information accuracy within the international financial domain..

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1. INTRODUCTION

Information is arranged and processed data that provides meaning and facilitates decision-making. Thus, the importance of information is extremely high, and it is stated that data is now widely recognized as the foundation of an organization; without it, any modern business would fail [1]. Enhancing or creating new contexts to support management, strategy, and decision-making requires the development of data [9]. Information quality is becoming increasingly essential in today's business environment for companies seeking superior performance, competitive advantages, or simply survival. Arif et al. [5] demonstrate that customers require high-quality information that is fundamental to the requirements of business activity and leads to superior work performance in the supplier-consumer partnership. Accounting information is utilized for numerous purposes, including investment decisions, reporting procedures, and regulatory compliance [8]. Despite the fact that the Financial Accounting Standards Board emphasizes the significance of high-quality accounting information, implementing and measuring 'quality' remains a significant challenge [14].

A business uses an accounting information system (AIS) to collect, store, manage, process, and report its financial data for use by accountants, consultants, analysts, managers, and tax authorities. As depicted in Figure 1-1, the specialized accountants have vast experience with accounting information to ensure the highest level of accuracy in the company's financial transactions and recordkeeping for those with legitimate access. A company's accounting information system is a method for monitoring all accounting and business activity. People, procedures and instructions, data, software, information technology infrastructure, and internal controls are typically the six primary components of accounting information systems. A well-designed information system enables a business to operate smoothly on a daily basis, whereas a deficient system may exacerbate certain issues. This article's primary objective is to highlight the accounting information quality of the Haines Watts financial corporation and examine its accounting reports. In addition, this study emphasizes the impact of accounting information issues on the decision-making process [1].

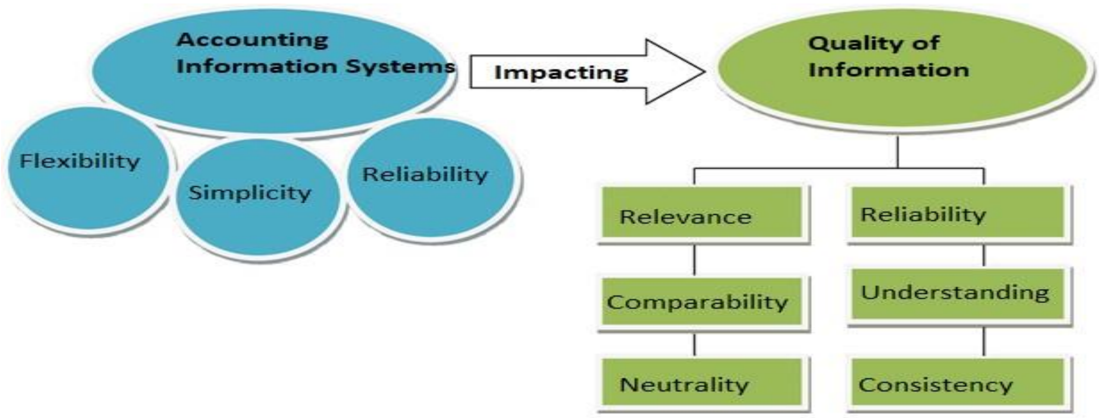

Figure 1. Accounting systems and the effect of information quality

2. BACKGROUND THEORY

2.1 A. IMPORTANCE OF ACCOUNTING INFORMATION

Information is an integral component of the majority of advanced postindustrial economies, and information and communication technologies are the glue that holds them together [10]. Therefore, the higher the quality of shared data, the greater the likelihood of success for certain communities and their members [7]. However, there are necessary questions for this study, such as what is information

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quality and what is its significance? Information consists of organized facts and data for specific tasks, while information quality is an important metric for evaluating the performance of a data system. Information quality is a characteristic of decision quality [3]. A lack of a straightforward and accurate interpretation of information quality [19] will inevitably lead to costly errors, uncertainty, dilemmas, risky dangers, and missed opportunities. Quality data is the foundation of sound organizational decision-making, and law enforcement agencies benefit from its utilization. With the increased collection and storage of data within an enterprise, as well as the extraction of that data for business purposes, the importance of the generated information's precision increases dramatically [12]. The greater the data quality, the greater the potential for profit. Otherwise, a company could fail. Effective data processing is necessary for preserving a competitive position and optimizing resources. With the aid of high-quality information, businesses can realize numerous types of tangible benefits. Due to various regulatory concerns, data quality is also crucial, and if privacy laws continue to expand, it will become increasingly important for businesses to manage their data appropriately. If data is unstructured or poorly managed, it is more difficult for a financial institution to maintain data integrity [12].

2.2 DECISION MAKING WITH ACCOUNTING INFORMATION

Hardware, software, brain ware, telecommunication networks, and database quality are all components of high-quality accounting information systems that work together to ensure the satisfaction of the user. In addition, AIS must be flexible, efficient, user-friendly, and timely in order to make accurate decisions [2]. AIS is the sum of all components that collaborate to collect, store, summarize, and distribute data useful for planning, controlling, directing, coordinating, analyzing, and making decisions. Consequently, AIS has an effect on all aspects of a business, including managerial, social, marketing, and financial operations. Accounting information systems aim to integrate many subsystems to work in unison to achieve a company's goal and produce useful information [4], The accounting information system provides decision-making and other company operations with useful information [11]. However, accounting information systems do not always produce high-quality data. Everyday life requires us to make decisions. It is becoming the primary objective and characteristic of management in terms of organizational life [16]. Decision-making is one of the most important tools for building the future image of contemporary businesses. It facilitates ease and comfort in conducting business. "Decision-making is the study of defining and selecting options based on the decision maker's beliefs and desires, and it implies that there are options to consider, and in this situation, we choose not only to find as many as possible but also to choose the one that best fits our priorities, interests, preferences, and beliefs" [6]. When managing a small or large company, the success of an individual or the company largely depends on making the correct decisions and learning from mistakes. The company's decision-making process is a step-by-step procedure that enables experts to solve problems by weighing facts, evaluating potential solutions, and then choosing a course of action [13].

Accounting information is data derived from the financial world's sales transactions. Once the material has been discovered, it is classified and registered prior to its incorporation into various studies. Accounting information collects and reports data using categorized structures, resulting in a common language that all company members can comprehend. Accounting information can aid managers in comprehending their responsibilities and reducing confusion prior to decision-making [15]. As shown in Table 2-1 [17], a variety of individuals inside and outside the organization use accounting data to make decisions. Accounting information can reveal a company's precise financial condition and is one of the company's primary profit-generating units. Accounting information allows the decision-maker to see the exact state of the company, while exact information increases the likelihood of making an exact decision [15].

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Table 1. Stages of decision making in Haines Watts

No.	Course of action	Possible benefits
1	Identify the decision	Identify the potential goal
2	Gather relevant information	Information collection
3	Identify the alternatives	Better audience targeting
4	Weigh the evidence	Effective content and marketing campaigns
5	Choose the alternative solution	Addresses the initial hurdles
6	Take precise actions	Implementation of financial data
7	Review the decision	Monitor the success rate of decision

3. QUALITATIVE CHARACTERISTICS (QC) OF ACCOUNTING INFORMATION SYSTEMS

Indeed, accounting and its processes play a significant role in a company's brand value. It displays the company's vision, its objectives, and whether or not it is achieving those objectives. At this point, the demand for high-quality accounting data will become apparent. Moreover, high-quality information allows for a clear understanding of the business and facilitates appropriate decision-making. As depicted in Figure 3-1, the characteristics of data that make it a valuable resource can be described as a hierarchy of qualities, the most important of which is its decisionmaking utility. Accounting data possesses two primary types of qualitative characteristics. These are the primary and secondary characteristics of high-quality accounting information. Relevance and transparency are the primary attributes that make accounting knowledge useful for decision-making. Due to cost and materiality constraints, enhanced relevance and efficiency are the characteristics that make information a more valuable decision-making resource. If one of these characteristics is missing, the knowledge is useless.

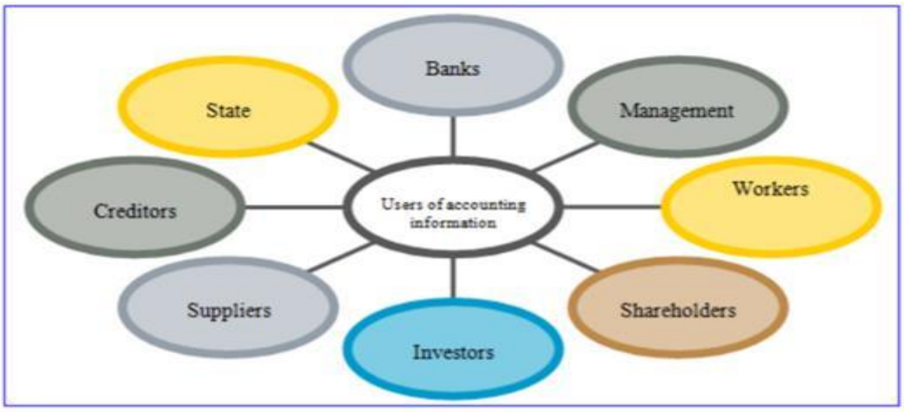

Figure 2. Characteristics of information for brand value in Haines Watts

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Accounting information systems and their processes are crucial for determining a company's qualitative characteristics for brand value, as shown in Figure 2. Figure 2 extends the model to include qualitative characteristics within the same company – Haines Watts.

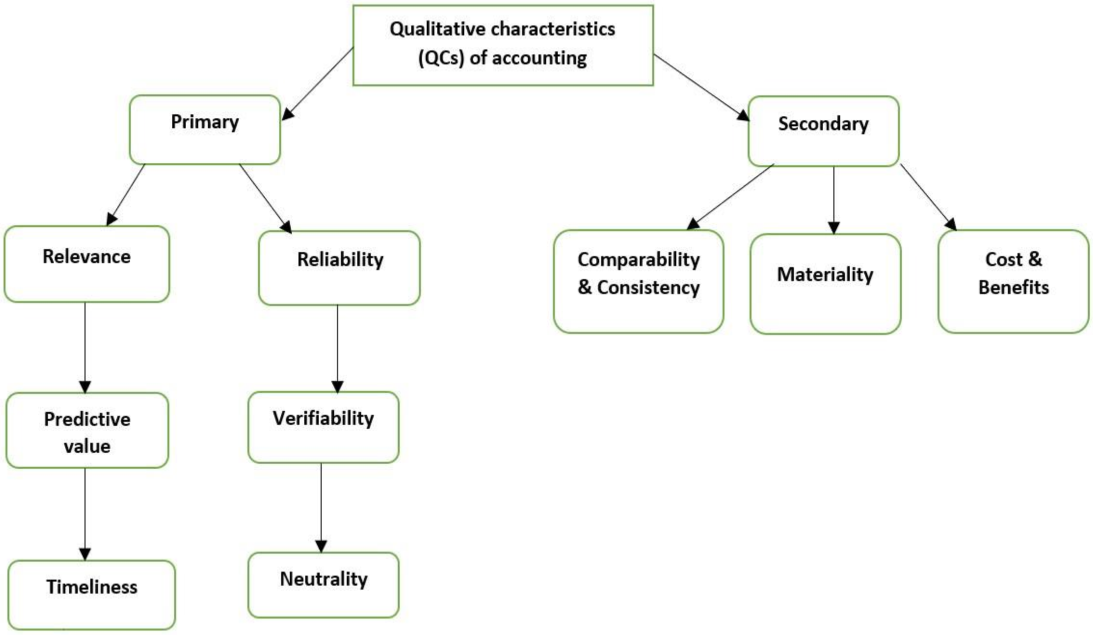

Figure 3. Qualitative attributes of information in Haines Watts

3.1. RELEVANCE AND TIMELINE OF A SYSTEM

Relevant financial information can influence a decision by assisting consumers in predicting the outcomes of past, present, and future situations, as well as validating or revising earlier assumptions. Information can influence decisions by enhancing the predictive abilities of decision makers or by providing guidance on previously held expectations [18], [19]. A reason of interest is timeliness, or providing policymakers with information until it loses its ability to influence decisions. It loses significance and is of little or no benefit if it is not present when required or if it becomes accessible too long after the recorded incidents for it to be of any use in determining a course of action. Timeliness refers to how quickly accounting information is accessible to users. Less time available diminishes the usefulness of information for decision-making. Accounting information must be timely because it competes with other information (e.g., if a company releases its financial statements a year after its accounting period, it would be difficult for users of financial statements to determine how well the company is doing in the present) [19].

3.2. RELIABILITY AND VERIFIABILITY OF SYSTEM

A metric should reflect what it claims to represent and provide the consumer with assurance that it is representatively consistent [22]. A description or calculation's dependability is determined by its level of verifiability and representational accuracy.

Verifiability is the extent to which information is reproducible given the same data and assumptions (e.g., if a company owns $1,000 worth of equipment and informs an accountant of the purchase price, salvage value, depreciation method, and useful life, the accountant should be able to reproduce the same result; if they cannot, the information is unreliable).

3.3. COMPARABILITY AND CONSISTENCY OF A SYSTEM

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The primary consideration when developing or enforcing standards should be the relevance and dependability of the resulting knowledge, not the potential impact of the new regulation on a particular interest. Comparability is "the extent to which accounting standards and policies are applied consistently from period to period" [23].

Comparable financial statements, with consistent accounting standards and each accounting period, allow users to draw insightful conclusions regarding the company's trends and performance over time [25]. In addition, comparability refers to the fact that when information about a single business can be compared to similar information about other businesses and to similar information about the same business over a different time period, it becomes even more valuable [26].

The informational value of observations of relative economic opportunities or outcomes is enhanced by business comparability and the precision of approach implementation over time [11].

3.4. BENEFITS AND PREDICTIVE VALUE OF A SYSTEM

Each recipient of accounting data would have a unique understanding of the relative significance that can be attributed to each data standard. If a standard-setting entity promulgates a policy that substitutes one of these values for another, it must ultimately do its utmost to satisfy society's needs, and it must remain mindful of the cost-benefit ratio [21]. The information has predictive value if it can be used to predict future outcomes. The financial information itself does not need to be a prediction or forecast, but users can interpret it to make their own predictions (e.g., current year revenue information could be used to predict future revenue) [20].

4. THE IMPACT OF ACCOUNTING QUALITY OVER DECISION- MAKING

The qualitative characteristics of accounting information are the properties and qualities that make it more valuable and effective. Qualitative characteristics of accounting information are the features and values of accounting information that enhance its utility and effectiveness [4]. Without quality, the demand for information will inevitably decrease. Relevant accounting information enables users' decisions to have a solid and logical foundation.

Relevance is the capability of accounting data to influence user decisions. Past events have had an effect, and it is anticipated that the outcomes of present and future events will either confirm or modify earlier expectations [14]. The quality of the accounting information system depends on whether the AIS's output improves the company's efficiency and effectiveness, thereby facilitating the company's goal attainment. In the study by Al-Hiyari et al. [11], it is stated that a high-quality accounting information system is required to achieve company objectives effectively and efficiently. In addition, Salaün and Flores [16] explain that the significant variables that strongly influenced the accounting system's quality were system quality, information quality, and user satisfaction.

Accounting information is essential for decision making at all organizational levels, both internally and externally.

Every business decision, whether it involves obtaining a loan, hiring more employees, establishing a budget, setting prices for goods, investing, expanding, or contracting, requires accurate financial information [3]. Relevant information should provide information about the past performance of the company as a predictor of the company's future in order to make decisions (e.g., an investor must invest in some financial corporation ABC). This ensures that a decision-maker must have access to facts before losing decision-making control. Information that is not used when it is needed or that is not available until it is too late to be useful for a potential intervention is ineffective [10]. If financial statements are issued a year after the accounting period, for instance, it is impossible for users of financial reporting to determine how well a company is performing in the current year. It is considered reliable if a person can rely on the information to be factually accurate and accurately depict the information it claims to present. Let's assume that a company leased a machine. Despite the fact that this company is not the legal owner of the machine, it should be classified as an asset on the balance sheet because it retains leverage over the economic benefits that can be derived from utilizing the

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asset. In accordance with the accounting principle of value over form, the economic substance of a contract takes precedence over its legal aspects.

Neutrality implies that the relevance and utility of the information should be the primary consideration when developing or enforcing requirements, and that the information cannot be selected to favor one group of policymakers over another [22]. This article focuses on the actual situation regarding accounting information's role in financial decision-making and provides fundamental analyses of accounting standards, their current level of implementation, accounting practices, etc.

Comparability refers to the degree of standardization of accounting data that enables financial statements from different entities to be compared. Comparability is a fundamental requirement for recipients of financial statements [26]. If numerous oil and gas companies prepare their financial statements using the same sector-specific accounting principles (e.g., generally accepted accounting principles), there may be a high degree of standardization in that industry. Materiality in accounting refers to the effect of an absence or misrepresentation of facts in a company's financial records on the purchaser of such statements. The majority of decision-makers believe that information is a free resource, whereas vendors are well aware of the contrary. The costs associated with delivering the data should be weighed against its benefits. Both costs and benefits are frequently subjective and difficult or impossible to calculate precisely, making cost-benefit decisions extremely challenging [20]. For instance, a corporation's financial controller discovers that an employee engaged in low-level petty cash fraud totaling $5,000 over the course of several years. It would cost $20,000 to conduct the necessary audit to determine the exact figure. Since the risk associated with the audit phase outweighs its benefit, the controller opts to skip it [7].

5. RECOMMENDATIONS

This study provides an opportunity for users of basic accounting systems to recognize the usefulness of an accounting information system and consider how to rationalize decisions, which leads to increased benefits and the attraction of new customers. Companies should work to expedite the implementation of their accounting information system, which will increase their profitability by reducing expenses.

In addition, businesses must rely on sophisticated accounting information systems in order to obtain more useful data through the application of contemporary financial and accounting policies, particularly in the field of information communication technology and accounting systems [12].

This study offers advice to businesses with a similar problem regarding the qualitative characteristics of accounting data (i.e., focusing more on internal audit systems). An auditor is considered to be more knowledgeable than an accountant; therefore, hiring an experienced auditor as an internal auditor may be more expensive, but will increase the quality of accounting data [9].

In addition, more emphasis should be placed on the accountant's working time, working conditions, and the accountant's practical and professional experience in order to provide an effective analysis of accounting information systems through a training procedure.

6. CONCLUSION

Undoubtedly, a comprehensive set of qualitative characteristics is required for effective decision-making. Despite the fact that consumers of accounting information have varying degrees of experience and interpretation, as well as varying levels of application of financial information, the findings demonstrated that the clarity of accounting information influences management decision-making. As decision making is the most important process for a company's future image, managers and investors should pay more attention to the accounting system, which reveals the company's current financial situation and has a significant impact on decision making. This study examined some potential examples of characteristics that may result in alterations to the quality of accounting information. Relevance and dependability were the most influential qualitative characteristics of accounting information in terms of their effect on decision-making. It is evident from the examples in the study

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that accounting information relevance has a significant impact on decision-making with predictive value and timeliness. The predictive value refers to the most important characteristics required by decision-makers. Because decisions are based on the company's future image, accurate and trustworthy information is required. In conclusion, the findings of this study indicate that structured accounting data influences economic decision-making. In addition, this study did not take into account some well-known statistical analyses; thus, there is room for additional research in this field. Decision-making is an essential aspect of any business.

Choosing a course of action from a number of alternatives is a natural mental process, and each decision-making process results in final choices. In business, the decision-making process is crucial, and any financial decision is of the utmost importance. The finance department of an organization utilizes tools, methods, techniques, and processes to generate financial data that aids in decision-making.

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