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EFFECT OF IMPLEMENTATION OF ENTERPRISE RESOURCE PLANNING SYSTEM ON QUALITY OF ACCOUNTING INFORMATION

Chairunnisa Kuntum

Department of Accounting, Faculty of Economics and Business, University of Airlangga,
Surabaya, Indonesia

E-mail: kuncnisa@gmail.com

ABSTRACT

The purpose of this study is to determine the effect of ERP system implementation on accounting information quality. ERP system is a technology that serves to coordinate and integrate the information in the company and between companies in the business area of the process. ERP is a complex and expensive system, so in its implementation required a user who is Able to apply it. This research is an empirical research using purposive sampling to gain the data. The respondents of this research Consist of 45 users in one of Manufacturing Industries in East Java. The hypothesis in this research were tested using regression analysis, while for the hypothesis test used t test. The results of this research Showed that Significantly Affect ERP system implementation to the quality of accounting information.

KEY WORDS

Enterprise resource, planning, accounting, information, quality.

The business processes of a company is strongly influenced by two factors, namely internal and external factors. Internal factors are factors that arise within the company itself as the company's operations, employees and so on. While external factors are factors that come from outside the company and is a factor that can affect the company directly to business processes such as competition, technological developments and so on. Along with current technological developments, every organization considers that the information system is essential for the survival of their persuhaan. With the development of information systems related to accounting and useful for the operational organization.

Enterprise Resource Planning (ERP) is a software package of integrated applications to be used widely in the organization. Enterprise Resource Planning (ERP) system as a whole is a fully integrated package and supports the entire business process automation in the existing standards in the organization. The system is able to present a holistic vision of the company's business by sharing a common database and integrated. In the era of the ERP system, the amount of information becomes more important, and the data is updated and relevant. Thus, AIS provides a historical accounting information and forecasting that covers financial accounting, management control and financial analysis.

One supporting the success of the company's management and help investors monitor the activity of the company is to have an information system capable of integrating all activities of the company. One of them is the Enterprise Resource Planning (ERP). The main purpose of ERP is to automate business processes, deploy the enterprise data in real-time. Although conventional information systems can manage transaction processing, reporting and information in decision-making, information systems is not sufficient as a result of changes in the business environment that has been discussed previously (Spathis and Constantinides, 2004).

Data, processes and users is a permanent factor in the successful implementation of ERP, while the ERP adoption, adoption process, the resistance organization is a success factor that can be changed in ERP implementation. Other studies Zhe Zang, et al (2005) states ERP success is determined by the organization of factors of environment, user environment, system environment and vendor environment.

Based on this background, the study entitled "Effect of ERP implementation of the quality of accounting information." and description of the background of this research, the

formulation of research problems that can be identified, namely: Whether the implementation of ERP systems affect the quality of accounting information?

LITERATURE REVIEW

Agency Theory or the agency theory to explain the relationship between the agent by the principal. In this theory each party either principal or agent acting for his own benefit. Agents will try to increase the consideration received in the form of salary, bonuses or even investment in the company.

Basically, the principal wants to know all information including management activities related to the funds in the company. Based on the principal management responsibility report assessing the performance of management, but often there is a tendency of management to commit acts that violate the auditing standard is to make the report look good, so its performance is considered good. Based on these principals do testing conducted by independent parties such as independent auditors to reduce or minimize the fraud committed by management when making financial.

Abdullah and Asmara (2006) explains that in the agency relationship between legislators as principal and executive agency, the Executive as having access to more information would be opportunistic to maximize its budget, while the legislator as a principal who has an interest to propose programs that support the interests of konstituennya not have sufficient information whether these programs have been correctly implemented by the executive. Assuming that individuals act to maximize their own self-interest, then with its asymmetric information will drive the executive (agent) to hide some information that no legislator (principal). In the asymmetry conditions, executives may affect the accounting numbers presented in the financial statements. Some of the cases occurred in the country and abroad which has involved the auditors, which the auditor as an independent party has made a mistake that resulted in the form of manipulation of the audit results as well as the leakage of funds.

Jensen and Meckling (1976) states that the agency problem can arise between the agent and the principal. The agency problem arises because of the tendency of one party for the selfish and the emergence of conflicts when multiple interests meet in a joint activity. The existence of a conflict of interest between principal and agent because of their different objectives encourage asymmetry information. Principal agent must monitor the work so that organizational goals can be achieved efficiently and to enhance public accountability.

ERP is software that is the solution for large scale businesses. ERP system consists of modules for software support, such as marketing and sales, field service, product design and development, production and inventory control, procurement, distribution, facilities management of industrial, process design and development, manufacturing, quality, human resources, finance and accounting, and information services.

ERP systems using relational database technology to integrate the various elements of an organization's information systems. ERP concept is an attempt to control all of the company's resources through an integrated data handling with an integrated information system. With the availability of a complete and fully integrated, the management company can undertake the planning of all resources quickly and accurately. In addition to improving the company's performance is also very influential on decision making for managers. ERP information system covers all parts of the integrated company, both structurally and functionally.

Information is data that is processed into a form more useful to the recipient that illustrates an events and real unity and can be used for decision making. While accounting is a medium of communication in the business world, where the role of accounting applicable in each company is different. This depends on the type of business entity, large or small companies, complicated or not the company's financial problems. Accounting can work well if supported by an adequate system.

Another understanding regarding the accounting of Charles T. Horngren (2003: 2) is "A system that follows the activities of business process information in the form of reports and

communicate them to decision makers." Thus it can be concluded that the accounting is a process of recording a company's business activity documented in a form that is useful for pihan report among the stakeholders for decision-making. Understanding - understanding of accounting information and it can be concluded that the accounting information is processed data derived from the identification, measurement and correlation of information that can be used for decision making.

The quality of accounting information is the accounting information is presented accurately and on time have reliable quality free from misleading notion that can provide benefits to users of the information. Good quality information can drive the company's success in the future. This is because the quality of information that can either lead to success, while the poor quality of information that can lead to business failure (Bovee, 2004). Accounting information must be presented as completely as desired and needed..

HYPOTHESIS DEVELOPMENT

According to O'Leary (2000), ERP systems are designed to support business process improvement, thus enhancing the quality of information, decision-making and performance of the company. In concept, the realization is facilitated by the ERP system for the integrated nature of the company's information through the database. Implementation of ERP technology in the organization is generally seen as something that is very difficult and complex, causing the top management as well as users are reluctant to implement it. The interesting phenomenon when ERP implementations in the organization, that success is determined by a user key which is supported by top management and user.

One of the advantages of implementing ERP systems is the ability to improve the internal management decision making. These conditions should allow companies that implement ERP systems to perform better performance than the company's non-ERP (Hunton et al., 2003). Implementation of the ERP system also enhances the ability of management to manage financial information for external users. One of the factors of ERP implementation by the agency problem, but the ERP system is able to improve the accuracy of management and to reduce the information asymmetry between managers and investors. Based on these descriptions the hypothesis that was built in the study were:

H1: The ERP system positively affects the quality of accounting information.

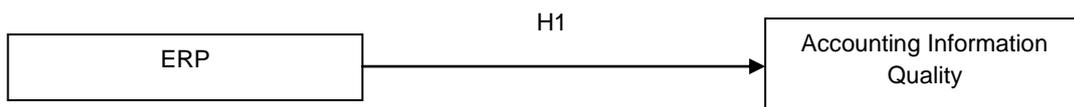


Figure 1 – The Research Model

METHODS OF RESEARCH

Population and Sample. The data used in this study are primary data. In this study the primary data used in the form of ERP user perceptions and opinions related to the ERP system affecting the quality of accounting information. Data obtained by distributing questionnaires to one manufacturing company in Surabaya using the ERP system.

Methods of data collection in this research is to use a questionnaire to be filled out by the respondent. The questionnaire will be received by the respondent questions to obtain information researchers will provide directly to ensure the questionnaire to the respondent. Instructions on filling in the questionnaire made simple and clear as possible to facilitate charging answers. Respondents would give a rating scale of 1 to 5 on the questions in the questionnaire.

Analysis of the data used in this research is descriptive analysis and statistical analysis were processed using SPSS 20.0 software. Santoso (2012: 29) explains that descriptive statistics are used to describe the data that has been obtained for each of the variables without the intention of making conclusions that are generally applicable. Statistical analysis

used in this study was Validity, reliability test, Normality Test, F Test, Test R Square, and t test.

Variables, Operational Definitons, and Technical Analysis. Independent variables used in this study is the Enterprise Resource Planning (ERP). Enterprise Resource Planning (ERP) is an information system that optimizes the distribution of corporate resources and help businesses to integrate all of its resources more quickly and effectively to improve operational performance and increase competitiveness (Hsiao, 2007). But the success of the ERP system itself is not easy to achieve, because the ERP software itself is not something that when mounted / implementation can be run successfully by itself. ERP system was measured using questions that describe some of the items the user experience in viewing the information on the implementation of the ERP system. Respondents were asked to rate among the five possible answers ranging from strongly agree to strongly disagree with 5-point Likert scale.

The dependent variable used in this research is the quality of accounting information. The quality of accounting information is information that has been able to reliably reveal the information is complete and accurate material covering important dimensions that are relevant and essential events (Azhar 2008), The quality of accounting information is measured using several items of questions that describe the quality of accounting information generated ERP system. Resoponden asked to give the value of the five possible answers ranging from strongly agree to strongly disagree with 5-point Likert scale, where 1 point is given for the selection of a meaningful answer the most low-quality accounting information and 5 points for possible answers highest-quality accounting information.

RESULTS AND DISCUSSION

Validity Test. Validatas test to determine the validity of the questionnaire instrument used in data collection. Based on the results of SPSS is known that the value of all items of questions showed a significant level of $0.05 <$ meaning all valid questions.

Reliability Test. A questionnaire said to be reliable or reliable if someone answers on the statement is consistent over time (Cooper and Schindler, 2006). Based on the reliability test in the table below shows that all variables have Cronbach's Alpha values above 0.70. These results can be said that the items on each variable is said to be reliable, so the items on each variable can be used as a measuring tool.

Table 1 – Reliability Test

Variables	Cronbach's Alpha	Ket
ERP systems	0.899	reliable
Accounting Information Quality	0.846	reliable

Source: Data processed, 2017.

Normality Test. According to the table below can be seen the value of the Kolmogorov-Smirnov test to test the effect of the implementation of the ERP system on the quality of accounting information of 0.793 greater than the coefficient significance (0.05). This indicates that the normally distributed data and the regression model is feasible used to predict the dependent variable is the quality of the information based on the input of independent variables namely the implementation of the ERP system.

Table 2 – Normality Test

-	Residual unstandardized
N	44
Kolmogorov-Smirnov Z	.650
Asymp. Sig (2-tailed)	.793

Source: Data processed, 2017.

Test F. Based on the above table it is known that F count equal to 4.958 with a significant coefficient of less than 0.05, the regression model can be said to fit. Thereby indicating that the regression model can be used to predict the ERP system implementation affect the quality of accounting information.

Table 3 – Test F

ANOVA ^a			
Model	df	F	Sig.
Regression	1	4.958	0,031
Residual			
Total			

*Dependent Variable: Accounting Information Quality.
Predictors: (Constant), ERP system implementation.*

Table 4 – R2 test

Model	Adjusted R Square	Std. Error of the Estimate
1	0,084	3.403

Source: Data processed, 2017.

Based on the above regression model known coefficient of determination (R2) of 0.084. This means that the regression model obtained is able to explain the influence of the independent variables on the dependent variable of 8.4% and the remaining 91.6% of dependent variables is affected by other independent variables were not observed in this study.

t test. The t-test is used to look at the influence of the independent variable on the dependent variable. T test analysis processing results can be seen in the following table:

Table 5 – t-test

Model	Sig.
1 (constant)	0.007
Total_ERP	0,031

Source: Data processed, 2017.

Here are the results of multiple linear regression analysis using SPSS 20 to test the effect of independent variables ERP on the quality of accounting information.

Table 6 – Multiple Linear Regression

Coefficients ^a					
Model	unstandardized coefficients		standardized coefficients	t	Sig.
	B	Std. Error	beta		
1 (constant)	18.290	6.474		2,825	0.007
Total_ERP	.208	0.093	0.325	2.227	0,031

Dependent Variable: Accounting Information Quality.

Based on t test results can be concluded that the ERP system implemestasi significant positive effect on the quality of accounting information. Variable ERP system implementation is significant, it is seen from the significance of 0.031 less than 0.05. Thus H1 is accepted, the implementation of ERP systems significant positive effect on the quality of accounting information.

The results showed that ERP implemestasi significant positive effect on the quality of accounting information. It can be seen from the results of the regression test the significance level value calculated at 0,031 less than the 0.05 confidence level.

The quality of a reliable accounting information is needed by stakeholders in the company. One of the advantages of implementing ERP systems is the ability to improve the internal management decision making. These conditions should allow companies that implement ERP systems to perform better performance than the company's non-ERP.

By using ERP enables managers and investors to get the company's accounting information in realtime. With the availability of a complete and fully integrated, the management company can undertake the planning of all resources quickly and accurately. In addition to improving the company's performance is also very influential on decision making for managers. ERP information system covers all parts of the integrated company, both structurally and functionally.

CONCLUSION

Information technology used in information systems is growing rapidly, ERP (enterprise resource planning) is an application of enterprise-based information systems, which allows integration of data contained in the entire existing units within the organization, thus enabling business organizations to make decisions accurately and quickly. From the discussion that has been done, it can be concluded that the ERP system and the business world can not be separated, because the ERP system will support and assist operational activities in order to improve efficiency and effective, which ultimately provide benefits for the company.

Based on the analysis of results and discussion, then the conclusion of this study is the implementation of ERP in one of the manufacturing companies have a significant positive effect on the quality of accounting information. From the implementation of the ERP system produces quality accounting information that has reliability that can help management and investors in decision making.

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