

8. Relationship Between Implementation Accounting Information System And Corporate Governance

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RELATIONSHIP BETWEEN IMPLEMENTATION ACCOUNTING INFORMATION SYSTEM AND CORPORATE GOVERNANCE

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ABSTRACT

The purpose of this study was to determine the relationship between the implementation of accounting information systems on corporate governance. The method used in this study uses quantitative methods using primary data obtained from the distribution of questionnaires or questionnaires. The data to be obtained will be processed using Structural Equation Modeling (SEM) with the Partial Least Square (PLS) method. Statistical analysis technique using SEM because of the causal relationship between variables. The results of this study indicate that the implementation of the accounting information system has an effect on corporate governance.

Keywords: accounting information system, quality of accounting information system, corporate governance

INTRODUCTION

The COVID-19 pandemic is a disaster that suddenly occurred and prompted changes in human behavior since 2020. This COVID-19 pandemic spread rapidly throughout the region and caused around six million five hundred people in the world to be infected with the virus. Based on data disclosed from the WHO (2020) said that the current pandemic has caused the death of approximately three hundred and fifty people from all over the world globally. In Indonesia, this pandemic has also spread to all regions without exception. This pandemic spreads very quickly, since it was officially announced in March 2020, there has been a continuous increase in the number of cases. In this case, it indirectly forces individuals to limit their activities. The World Bank (2020) explained in its latest report that this pandemic is hitting the global economy.

The economy is currently fragile and is trying to crawl up. In Purwono (2020) explained that the crisis that occurred was not only in the economic sector, but also the crisis occurred threatening public health as a whole without exception, not only a few fatalities, economic activities that occurred simultaneously greatly decreased both the community as consumers, the community as producers, and governments in implementing regulations and making decisions. In the short term the impact can cause a significant downturn in the economy, and in the long term economic recovery will be quite difficult because it results in a decline in productivity in the economy.

The development and competition of the business world is now increasingly rapid, thus requiring every company to utilize its capabilities as much as possible in order to become the best in the business world. The COVID-19 pandemic has an impact on accelerating digital transformation as explained in Candra (2021). Developments in general up to now, insurance companies are companies engaged in services whose function is to provide health insurance for the wider community. One of the functions of the insurance company is to determine the amount of premium that must be paid by each insured against the risk transferred and to process the existing funds. The purpose of the insurance company itself is to provide

protection, especially in this case in the health sector. In Doni (2020) said that the general definition, an insurance company is a service institution that makes an agreement in this case an insurance agreement with customers who register and pay regular premiums every certain period, besides that this company will provide all protection from losses. losses that may be experienced by the customer concerned. Problems or phenomena that occur such as fraud in the accounting field in insurance companies can occur because there are opportunities to commit such fraud.

The phenomenon of accounting fraud that occurs in insurance companies which is currently being discussed in the media is the insurance case of PT Asuransi Jiwasraya (Persero) hereinafter abbreviated as Jiwasraya. In Machril (2022) it is stated that Jiwasraya is said to be unable to pay the claim debt with a total of Rp. 1.7 billion due to cash flow problems. Sampurna (2020) explains that Jiwasraya's financial benefits, since 2006 have not been clear on the nominal and whereabouts of the profits. These profits are obtained through the engineering of financial statements. It can be concluded that since 2006 Jiwasraya has actually made a profit, but the profits obtained are pseudo or unclear, this can occur as a form of cause and effect due to accounting engineering. Sampurna (2020) further explains that in 2017, Jiwasraya earned a profit of approximately two trillion rupiah, unfortunately the income received is considered irrelevant because of fraud in the provisions of the seven trillion rupiah price range. Furthermore, in 2018 Jiwasraya was assessed to have suffered a loss of approximately fifteen trillion rupiah. Meanwhile, in September 2019, Jiwasraya lost approximately thirteen trillion rupiah.

The deteriorating budget until November 2019 led to a price range of twenty-seven trillion rupiah. This loss may have occurred because since 2015 Jiwasraya has been selling high-interest products above the deposit, namely the savings plan product. Funds originating from the saving plan product are invested in low quality mutual funds so that the spread is negative. The product savings plan does indeed play a significant role in the highest revenue since 2015 as written in Dalam Sampurna (2020). However, this product also offers high interest rates with additional insurance benefits and without thinking and considering the costs of the insurance products sold. As explained in Burhanuddin (2021) said that the defendant had received a commission in the form of an illegal management fee and harmed Jiwasraya's interests as a customer in making investment decisions.

Every company needs an information system that is able to create, capture and produce information for internal and external parties more effectively. Based on Halimatusadiah and Gunawan (2014) emphasized that every good company management must be supported by good company control and management. So that any information can be provided on time and produce correct information, and can minimize fraud in the presentation of information.

One of the controls used to support this can be done using GCG principles. Today, Prima and Putri (2020) explain that, in practice, there are still various obstacles from the implementation of accounting information systems. Constraints are felt starting from the information system presented that is not in accordance with the needs of the organization, to the use of information systems that reduce organizational performance. In Maruta (2015) explains that the existence of accounting is a tool used as a language of business (language of business) which aims to provide information that can be used in the decision-making process by managers. The purpose of this study is to examine, namely: the relationship between the implementation of accounting information systems and corporate governance in Indonesia.

RESEARCH METHOD

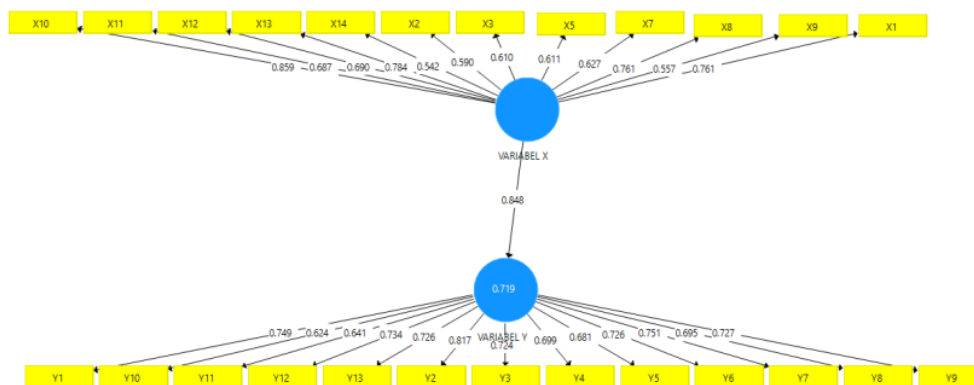
In an effort to obtain data from organizations in this case Insurance Companies in Indonesia, which are needed by the author in carrying out this research, the authors use two events, namely: survey research design and observation. Collecting data in this study using a list of questions or questionnaires. Questionnaires were distributed through direct surveys and online surveys. The population in this study is an insurance company in the city of Bandung. With the target respondents as many as 50 (fifty) companies.

The respondent unit is part of the user accounting information system. Observation or direct observation must be done directly in the field. Based on Nimatuzaroh et al (2018), it is explained that the objective of the observation is to get the desired target to be achieved. The sampling technique used is simple random sampling with the help of Microsoft Excel. Based on Cohen et al (2017) explains that the minimum sample that must be met is 30 respondents. This study uses the type of data analysis, structural equation modeling or structural equation modeling (sem).

RESULT AND DISCUSSION

The population in this study is a life insurance company in Indonesia. According to data from the Central Statistics Agency (2021: 1) noted that there are 60 (sixty) registered life insurance companies. In this case, the sampling technique used is probability sampling which is a sampling technique by providing equal opportunities for each member of the population selected to be a sample. The technique used is simple random sampling. The population size is calculated based on the Slovin formula, which is as follows:

Figure 1.1



Based on Slovin's formula, the total required respondents are 38 people. In this case, the respondents obtained as many as 45 people. Test Structural Equation Modeling (SEM) with Partial Least Squares (PLS) approach was applied to test the hypothesis. Hypothesis testing is done by looking at the probability value or often referred to as the p-value with an alpha of 5%. If the number is below 0.05 (<0.05) then it is rejected. Meanwhile, if the probability value is above 0.05 (>0.05) then it is accepted. In short, H_0 is rejected if the p-value or significant is <0.05 and H_0 is accepted if the p-value or significant is >0.05 .

Figure 1.1 Results of SEM-PLS Data Processing

The following are the results of the validity and reliability test showing that the variable X which is the independent variable has an effect on the variable Y which is the dependent variable. Based on the existing samples, almost all of them are significant.

CONCLUSION

The conclusion is that the independent variable has an effect on the dependent variable. In this study, the independent variable (X) is the implementation of the accounting information system that affects the dependent variable (Y), namely corporate governance. The results of this study provide recommendations for stakeholders in insurance companies to reorganize government practices. In the governance assessment, recommendations can be given to redesign governance assessment indicators. The results of this study can be applied to members of the board, managers, and directors.

One of the responsibilities of board members is to establish corporate governance and resolve agency and organizational problems. For academics, the researcher suggests that the research be conducted using independent variables from accounting management practices. While the drawback lies in the sample size due to time constraints, so that conclusions cannot be generalized.

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