

Effect of Qualitative Characteristics for Accounting Information on Quality of financial Reporting under ERP System.

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Abstract

The objective of this study is to measure the influence of qualitative characteristics of accounting information and its dimensions: (relevance, faithfulness representational, verifiability, comparability, understandability and timeliness) on the financial reporting quality under ERP system. The study has adopted the descriptive research analysis to deal with data and sort them by designing a questionnaire made for collecting data from the employees and test the hypotheses. A statistical treatment has been executed using the (SPSS) statistical packages for the social sciences, through handling it according to the tests which accomplish the purpose of study and multi group analysis (MGA).

The study population consisted of the (234) Jordanian public shareholding companies, for the purposes of the study, a random sample was drawn from these companies, which reached (44) companies, that is 20% of the study population. When analyzing the reality of this sample of companies in terms of implementing the enterprise resource planning system, it was found that the number of companies that use this system reached (33) companies, and the companies that did not use this system in the random sample drawn reached (11) companies.

(176) questionnaires were distributed to all the sample companies by four questionnaires for each company, including (the chief financial officer, the head of the department, and two accountants). The number of questionnaires that were not received was (9) questionnaires. And there were (2) of the questionnaires that were retrieved that were not valid for analysis. Thus, the number of questionnaires that are able to statistically analysis becomes (165) questionnaires, i.e. 93% of the sampling unit.

The study has found out that there is a significant statistical effect for the primary qualitative characteristics of accounting information with 42% positive power and it has also found out a significant statistical effect for qualitative characteristics enhancing an accounting information with positive power reached 76%. And that is due to the existence of the moderator variable, ERP system on the level of financial reporting quality, increasing the financial reporting quality level shows how important is the qualitative characteristics of accounting information in its both primary and enhancing report.

Depending on the results the study has necessarily recommended to modernize the ERP system which hasn't been modernized yet in Jordanian public shareholding companies operations, and implement it in these companies as well as holding training courses for ERP system users, so they can make financial reports meet the beneficiaries' needs of these reports.