

Knowledge Management as Bridge Of Accounting Information System And Strategic Management

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ABSTRACT

Purpose – The purpose of this paper to recognize knowledge management as the bridge of implementation of accounting information system and strategic management in order to reach company aims.

Design/methodology/approach – this study uses meta-analysis as the explanation approach as finding out the indicators for implementing accounting information system and strategic management that is bridged by knowledge management and may necessary be approved by empirical study for the next future research.

Finding – The indicators of accounting information system and strategic management are supported by the quality of knowledge management for reaching the company aims.

Originality/value – The characteristic of each indicator of accounting information system brings the strategic management that shows the result for successfully implemented in reaching the company aims so that by studying this system at each different kind of situation will affect not only strategic management quality but also the different strategic management to perform quality of knowledge management in reaching high performance of company.

Keyword : accounting information system, strategic management, knowledge management.

INTRODUCTION

Since the history of big crisis in Asia in 1998 continuing in year 2008 in Western Countries, there will be necessary to lift up the high motivation how to increase the knowledge management quality in firms so that management can faced the crises wisely.

This writing purpose is to scheme the big picture of indicators for implementing the accounting information system and strategic management in firms that are bridged by high performance of knowledge management to reach firms' goals. One high motivation reasons for me to write is concerning the high technology performance at any disciplines, especially in accounting information system that is supporting worldwide companies information with many software are not used properly as the human resource operated with different level of knowledge which are mostly this kind of situation happens not only in developing countries but also in developed countries. However, the accounting information system itself has well performance with accuracy and reliable based on knowledge management level uses and it will support the planning and implementation of strategic management that is useful for developed not only the company system but also company goals. This may recognize the knowledge management is the major factor for well govern of the firms everyday.

Ironically, the crises in year 2008 brings the uncertainty for specialized who uses the accounting information systems whereas prediction of human character based on knowledge level becomes uncountable manner that cannot be put into the system as the strategic management implementation; whereas the fact that knowledge management is put ahead the accounting information systems remembering the variety of indicators that may influence the system itself considered have difficulty in their measurement which the application of disciplined may have not been found yet. That is why the accounting information system will develop from time to time.

Hereby, we write about standardization of knowledge management to support reducing the uncertainty which may put some important indicators considered based on description data and also may support the practices of strategic management to contribute their firm performances.

A system can be defined :

A system is a group of two or more interrelated components or subsystems that serve a common purpose.

The information system can be defined :

The information system is the set of formal procedures by which data are collected, processed into information, and distributed to users.

Accounting information system can be defined :

AIS subsystems process financial transaction and non-financial transactions that directly affect the processing of financial transactions. For example, changes to customers' names and addresses are processed by the AIS to keep the customer file current. Although not technically financial transactions, these changes provide vital information for processing future sales to the customer.

The AIS is composed of three major subsystem :

1. *The transaction processing system (TPS), which supports daily business operations with numerous reports, documents, and messages for users throughout the organization;*

2. *The general ledger/financial reporting system (GL/FRS), which produces the traditional financial statements, such as the income statement, balance sheet, statement of cash flows, tax returns, and other reports required by law;*
3. *The management reporting system (MRS), which provides internal management with special-purpose financial reports and information needed for decision making such as budget, variance reports, and responsibility reports.*

One study seeks the answer the questions : “To what extent does the accounting literature include technology and system research , and is technology and systems research adequately addressed in the accounting literature?. The study examined four academic and three professional. Journal examined are : the accounting review, journal of accounting research, journal of accounting and economics, contemporary accounting research , journal of accountancy, CPA journal and strategic finance. The finding indicate that while there has been a dramatic increase in the proportion of system articles published in the professional journals, there were very, very few technology and systems articles published in the professional journals. (Jap Effendi, Elizabeth Vallery Mulig, L. Murphy Smith, 2006). Previous researchers also mentioned that information system as a reference discipline based on the theories and methods of these disciplines serve to set the standards by which the quality and maturity of IS researched should be measured (Richard L. Baskerville, Michael D. Myers, 2002). Another researcher investigates assessing the impact from information system quality with the objectives of exploring the system quality based on test integrative model, which includes system quality as a determinant of the extent of system usage, the benefits derived from the system and the system impact on the user’s jobs (Tor Guimares, D. Sandy Staples and James McKeen, 2007). Previous researcher also examined the need for IS assessment and suggests a comprehensive IS assessment framework linked to the organizational performance using existing IS assessment theory as a base and incorporating measurement concepts from other disciplines (Barry L. Myers, Leon A Kappelman, Victor R. Prybutok, 1997). Another study using DeLone-McLean Model to show that perceived system quality and perceived information quality are significant predictors of user satisfaction with the system, but not of system use. User satisfaction was found to be strong predictor of individual impact, whereas the influence of system use on individual impact was insignificant (Juharni Livari, 2005). More, Information System (IS) function support in evaluating performance in one organization (Ahmad A. Rabaa’I, Guy G. Gable, Wasana Bandara, Erwin Fielt, 2010). Further, the moderation approached to measuring fit was initially explored to measure the alignment between AIS requirements and AIS capacity (Noor Azizi Ismail, Malcolm King, 2007). Previous researcher also studied to investigate causes and consequences of accounting information system (AIS) effectiveness (Wathana Yeunyoung Ph.D).

On the other hand, the using of accounting information system as supporting the strategic implementation may have appropriate relevancy.

Strategic implementation is process that management applies strategy and the rules in actions through program development, budgeting, and procedures.

Strategic management can be defined :

Strategic management can be defined as the art of science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. As this definition implies, strategic management focuses on integrating management, marketing, finance/accounting, production/operations, research and development, and computer information systems to achieve organizational success..

Previous research examined the effect of accounting information system design on the organization performances pursuing different strategies priorities (David Naranjo-Gil, 2004). One researcher investigated the effect of usefulness accounting information system (AIS) that brings effective organizational performance (Siamak Nejadhosseini Soudani, 2012).

Another information from knowledge management is all activities such as data acquisition, data process into information, using and communicate information effectively, eliminated information on the right time.

In other words knowledge management is information organizational process in one firm so that those information can be collected, safe file, proceed, and used for decision makers.

The previous research studied to examine the use of accounting information system (AIS) by ZBMS Sdn. Bhd., and its contribution to the knowledge management and strategic role of the organization (ZulkarnainMuhamad Sori, 2009). Moreover, another researcher provided an approach for organization to manage Knowledge Management through strategic management perspective. Knowledge Management currently is a discipline which is growing very fast. Therefore to support business viability and competitiveness, organization needs to integrate fragmented landscape of Knowledge Management with strategic management process (Abd. Rahman Ahmad, Mohammad Talha Mohamed Idris).

Resources of information in companies consist of :

1. Hardware

2. Software
3. Information analyst
4. Users
5. Facilities
6. Database
7. Information

When managers decided to use all the information above to reach competitive performance, they have to manage the resources to reach the goal.

Strategy expert have underscored that the focus of organizational knowledge management should shift for “prediction of future” (that cannot be computed) to “anticipation of surprise”. By underscoring the need for synergy between innovation and creativity of humans and the advanced capabilities of new information technologies, the previous study wrote current advance about knowledge management (Malhotra, 2000). Further, previous research addressed the need for a strategic decision making tool to assist management in determining which Knowledge Management construct is most beneficial in the development of an agile supply chain (Mahesh S. Rasinghani, Laura L. Meade, 2005).

LITERATURE REVIEW

Al Baqarah 164:

Verily! In the creation of the heavens and the earth, and in the alternation of night and day, and the ships which sail through the sea with that which is of use to mankind, and the water (rain) which Allah sends down from the sky and makes the earth alive therewith after its death, and the moving (living) creatures of all kinds that He has scattered therein, and in the veering of winds and clouds which are held between the sky and the earth, are indeed Ayat (proofs, evidences, sign, etc) for people of understanding.

Ibrahim 33:

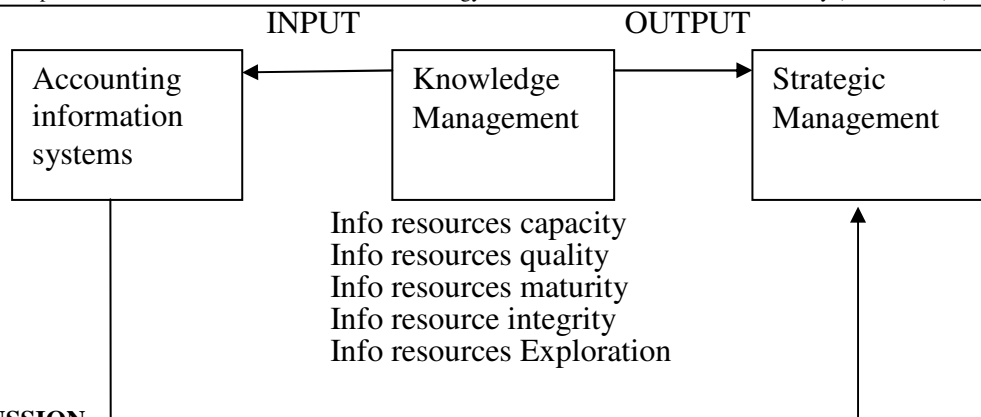
And He has made the sun and the moon, both constantly pursuing their courses, to be of service to you; and He has made the night and the day, to be of service to you.

Based on two Ayat above, Knowledge Management consists of resource of information as well as the Accounting Information System approach the analytical thinking from information. Moreover, Accounting Information System that are approached by many researchers related to strategic management based on following :

1. Information resources capacity : the unlimited of knowledge in universe
2. Information resources quality : the selected knowledge
3. Information resources maturity : the new knowledge innovation
4. Information resources integrity : the certain discipline used
5. Information resources exploration : the controllable

Knowledge management as resources capability performed the like of information structures through accounting information system that may support the implementation of strategic management that involves social, culture, demographic, environmental, political, governmental, legal, technology for global competition.

The supporting data that may proof the knowledge management is as bridge between accounting information system and strategic management are as shown in the figure in the next page. Previous research wrote in elaborating the paper, we started from the idea of the necessity of knowing the reasons that determined the reconsideration of the importance of accounting information, in order to ensure survival, performance and durability of businesses in the context of the new challenges launched by the world economy (Olga Potecea, Emilia Gabroveanue, Nicoleta Radneantu, 2009).



MAIN DISCUSSION

A starting point in Knowledge Management capability is as the bridge between Accounting information system and Strategic Management.

Preliminary – Human resource with knowledge management are essentially to do decision making which usually decisions making are made by management and stakeholders in the organization and not the managers.

In related to this, the management has to know how to choose varieties of information system which each plays a different role in organizational hierarchy and decision making process (Asefeh Asemi, PhD, Ali Safari, PhD., Adeleh Asemi Zavareh, PhD., 2011).

To support the observation above, Strategic management is doing by management level know how well the management using the existing and available information in order to perform his or her organization by having beneficial through Accounting Information system whereas the Accounting information system is supporting growth of the quality of information itself.

As a key consideration, Accounting information system that used by managers may necessarily to be evaluated the expert of human resource who used the accounting information system in order to do decision making in term of implementation of strategic management. Essentially, the management level who used the system has to be established their system in getting information through the input of information resources, which it can be lack of information based on limitation of knowledge management for manager level to perform and manage the good information through the systematic tools, timely information and adequate managerial policies and regulations.

Furthermore, Accounting Information System (AIS) with good quality of information resources are very crucial in helping business checked and balanced in order to keep on strategic management applied properly.

In addition, most Accounting information systems (AIS) will do updating of the occurrences in company or systems. This immediate acts may helps managers to take actions properly especially when they discovery and management of crises while they are implementing strategic management.

Still, accounting information system (AIS) is very easy to be improved and programmed by the owner to conduct certain actions in certain times. Every organization needs their complete and comprehensive system for all organizations (Dr. Habibollah Salarzahi, 2010).

As knowledge management usefulness, as the bridge between Accounting Information System (AIS) and Strategic Management will help managers to do more accurate actions with multitask that will increase efficiency in a company or organizations.

On another level, accounting information system gives huge contributing to manage information that is very useful for the company in order to do decision making when the management level implement management control system for the company performance.

Again, accounting information system is supporting strategic management with its operation on systematic methods of operations. Accounting Information System (AIS) tends to be more practical business tools and well performed to do decision making.

Finally, Knowledge management in operation method while using accounting information system will supporting strategic management activities daily to implement the business plan and company strategy based on the human resource to play all role and operate all the system in order to take decision making.

Conclusion and Suggestion

Knowledge Management has been developed to enable those involved in information sources exploration or delivery of well understanding to access available relevant knowledge related accounting information system when making strategic decisions. Due to unlimited knowledge in universe, it may depends on certain discipline

that use this knowledge management as tools of predict the high percentage of certainty and low percentage of uncertainty for decision making.

On the other hand, the level of skills of human resource in management level and each qualification may differently performed based on managing information quality, information process, information advantages, information performance, information assessment and information evaluation that necessary for company strategy implementation.

However, the development of knowledge management is still necessary as any developed disciplines especially such as IT user with sustainable knowledge management that bring result the accuracy and available information up to date all the time in performed the capability of making decision using all that information to applied the strategic management.

When Knowledge management is supporting strategic management implementation, it will automatically perform the coordination, communication, and positive outcomes with effective use to IT users. It still need more empirical studies in order to ensure the effectiveness of upgrading software that may needs for each discipline users such as IT users related accounting information system and strategic management. Generally, determination on the effects of IT acceptance on an assessment of firm performance based on achieve goals, increase operational efficiency, cut costs, add business values, reduce operating budgets, reduce costs of customer services, increase revenues, increase services to customers, reach target customers, and add value to customers with e-business systems (Supattra Boonmak, 2007).

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