Digital Organizational Culture and Accounting Information Quality

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ABSTRACT

Digital organization culture is one that leverages digital technologies to enhance its operations, decision-making processes and achieve business goals. The purpose of this research exermine the effect of digital organizational culture on accounting information quality. Data was collected form 155 accounting directors of quality accounting firms inThailand by questionnaire. The analysis tool in this research in using ordinary teast square regresson. The results revealed that 3 dimensions of digital organizational culture (including digital empower talent, distinctive digital utilization, and adhere to related regulation) had significant positive associations with accounting information quality.

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1. Introduction

The current trend for companies are increasingly aware of the need to adapt to the challenges of the new normal through activities, strategies, and routines by optimizing and ensuring process execution through digital technology to ensure business continuity (Heredia et al., 2022). Organizationals have decided on digital strategies as a part of the business operation plan and such integration would contribute to successful digital transformation (Laorach, 2021). Digital tranfomation is the leading force shaping the future of organizations, significantly influencing social and economic asects. This includes fostering greater collaboration, intensifying competition, and compelling oragniztoins to cultivate novel capabilities. (Snow, Fjeldstad, & Langer, 2017). Digital transformation provides opportunities for members of an organization to self-organize and thereby avoid the distortions, delays, and other damaging effects of hierarchically organized systems. On the other word, digital transformation is a major change in the performance of an organization and factor in its survival and success in the digital era. It is not only investing in new digital equipment but also requires a change with human challenges, such as digital organizational. Digital organization is one that leverages digital

technologies to enhance its operations, decision-making processes, and customer interactions. The transformation towards establishing a digital organizational culture is propelled by the necessity to adjust to swiftly changing technological environments, competitive demands, and shifting customer anticipations. Digital organizatonal culture has been documented as a driving force of the acceptance of accounting information systems in business.

Digital organizational culture is an important for encourages organizations to use and develop digital technology to improve work quality and achieve organizational success. If the organization aims to succeed in transforming into a digital organization, organizational leaders must create a culture that is open to change in order to incorporate digital technology into their operations and business processes. These are also some challenge to attaining digitalization and automation objectives lies in the requirement for fostering a digital culture and providing training. Digital culture is corporate culture which supports and endorses utilization of digital technology for aiming quality of work and sustainable business success (Rudito & Sinaga , 2017).

Based on previous research, digital organizational culture in the accounting firms is a topic that has not been studied much, especially in Thailand with a research gap, and only a few concrete characteristics are known. Therefore, this research attempts to integrate the key components of digital organizational culture in a new model. The purpose of this research is to investigate the effects of digital mindset focus, digital continuous improvement, digital empower talent, distinctive digital utilization and adhere related regulation on accounting information quality. Also, the current research could make some contributions to how executives ought to decide on organizational culture as well as on the acceptance of digital organizational culture so that their organizational performance could be improved.

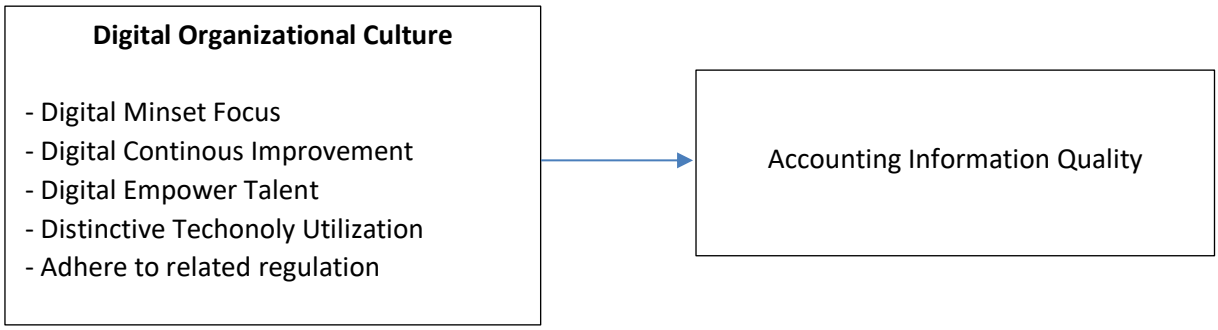
2. Literature Review

This research applies dynamic capabilities concept in the context of digital organizational culture and accounting information quality. Teecee et al., (1997) dynamic capabilities enable organizations to integrate, build and reconfigure their resources and competencies, maintain performance in the face of changing business environments. On the other hand, dynamic capabilities help to transform and reconfigure operational capabilities by enabling the creation, extension an dmodification of operational resources (Teecee et al., 1997; Pisano and Teecee, 2007). Therefore, dynamic capabilities concept provides a useful framework to develop hypotheses about the effects of digital organizational culture on accounting information quality.

Digital organizational culture is a set of shared assumptions and common understandings of organizational practices in a digital context (Kocak&Pawlowski, 2023). Beside, Chantanee and Saengthongdee (2022) illustrate that digital organizational culture refers to values, knowledge, concepts, morals, traditions from learning and using as a way of life that has been practived continuously which will become habits by using digital technology to sove problems and transfer toothers. In the context of accounting firm, digital organizational culture can be defined as an overall organizational structure, shared values, and assumptions for using digital resources to create value. It encompasses a range of elements, including mindset, competency, digital engangement, technology adoption and regulation. Unlike traditional organizational culture, digital culture is focused on leveraging technology to achieve business goals. In this research applies a 4 dimensions of Volini &Mazor (2020) and 1 dimension of accounting firm context. Because of accounting firms is essential to maintain the integrity, accuracy, and reliability of financial reporting and auditing processes. These regulations ensure that accounting firms conduct their professional standards, legal requirements,and ethical guideline (Federation of Accounting Professions, 2019), In this research, digital organizational culture consist of digital mindset focus, digital continuous improvement, digital empower talent,

distinctive digital utilization and adhere to related regulation (Volini & Mazor, 2020). From prior research, Binh,Tran &Vu (2022) identified that innovative organizational culture is an essential factor in enhancing the quality of accounting information systems of Vietnamese firms. Also, organizational culture has effects on accounting information quality that is in turn determined by the acceptance of accounting information systems in business (Huynh,2021). Furthermore, Hadi & Baskaran (2021) indicated that digital organizational culture influences performance. Teguh et al., (2022) demonstrated that some substantial implications for management by focusing on digital organizational culture and digital capability as fundamental predictors of organizational performance throuth digital technology. Overall, it can suggest that digital organizational culture influence accounting information quality. The conceptual model presents the effect of digital organizational culture on accounting information quality as shown in Figure 1.

Figure 1. Conceptual of digital organizational culture affect accounting information quality



Digital mindset focus refers to an attitude that shows the trend of explaining and solving problems with digital technology as the basis for improving work processes to make changes convenient, fast, accurate, including the organizational vision that wants to increase the quality of work (Volini & Mazor, 2020). From the literature review, it was found that digital organizatoianl culture consist of digital mindset focus had a highly significant positive fluence on quality of work (Papamo et al.,2022) Thus, this research could conjecture the following research hypothesis:

H1: Digital mindset focus will positively relate to accounting information quality

Digital continuous improvement can be defined as an ongoing effort to improve processes, products, or services across an organization and employee learning improvement process with a focus on enhancing activities that create the most value for customers and make the organization more efficient(Hambach et al., 2017). Digital continuous improvement is the potential and possibility to develop more efficient processes and aims to support employees in their work, not replace them, and their creativity in problem solving (Hambach et al., 2017). Therefore, the association is hypothesized as following:

H2: Digital continuous improvement will positively relate to accounting information quality

Digital empower talent defined as a combination of platform-centered business management paradigm and digital transformation. It will create opportunities to secure productivity and added values (Min & Kim (2021). Jiang et al.,(2023) identified that digital empowerment strategy employed in an e-commerce supply chain, including one platform firm and mutiple small retailers that it can be used as an effective mechanism to coordinate such a supply chain, not only increasing the profits for the platform and retailers, but also improving the digital empowerment level. Also, digital empower talent is likely to have a positive effect on accounting information quality. Respectively, the related hypothesis is postulated as the following:

H3: Digital empower talent will positively relate to accounting information quality

Distinctive technology utilization can be defined as utilize the tools, equipment, and digital technology currently available to gain maximum benefit in communication, work, and collaboration, or to develop work processes or work systems in the organization to be modern and efficient (Papamo et al.,2022). From the literature review, distinctive technology untilization affects the success of the advertising media business in Thailand (Papamo et al.,2022). As well as, Thorseng & Grisot, (2017) found that the use of digital tools or technology in patient care resulted in changes in the operational processes of employees. Also, distinctive technology utilizatiaon is likely to have a positive effect on accounting information quality. Respectively, the related hypothesis is postulated as the following:

H4: Distinctive technology utilization will positively relate to accounting information quality

Adhere related regulation refers to recognition that the agency has rules, principles, or guidelines for controlling and inspecting practices in the organization by supervisors to employees under the rules, regulations, ethics, and standards (Tapadis & Tongkong, 2022). Adhere related regulation affected the overall work quality of accounting practitioners. Likewise, Binh,Tran &Vu (2022) established that innovative organizational culture with adhere related regultation is an essential factor in enhancing the quality of accounting information. Hence, the association is hypothesized as following:

H5: Adhere related regulation will positively relate to accounting information quality

3. Method, Data, and Analysis

3.1 Sample selection and data collection procedure

In this research, the population was selected from accounting director of quality accounting firm in Thailand. The quality accounting firm are active in the database totaling 174 firms (information draw on May 23, 2023; www. Dbd.go.th). The questionnaires were sent to 174 firms. Accordingly, an appropriate 155 firms under the 95% confidentiality rule. Based on prior business research, 20% response rate for a mail survey, without an appropriate for distributed mail survey. With regard to the questionnaire mailing, the valid mailing was 155 surveys. Due to six found incomplete and with response errors. As a the effective response rate was approximately 89.08%

3.2 Test of non-response bias

To test non-response bias and to detect possible bias problems with non-response errors was investigated by t-test that followed to Armstrong and Overton (1977). The researcher was compared early and late responses. The results were not significant between early and late responses. Therefore, it was implied that these received questionnaires show insignificant non-response bias for the analysis in this research.

3.3 Variable measurement

To measure each construct in the conceptual model, all variables are anchored by five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). In addition, all constructs are developed for measuring from definition of each constructs and examine the relation from theoretical framework and prior literature reviews. Thus, the variable measurements of this research and described as follows:

Table 1: Measurement of variables

No.	Variables	Measurement
1	Accounting information quality	-Relevance (providing information about previous decisions to assist management in future decisions) -Faithful representation (bias-free accounting information makes better decisions) -Verifiability (ability to ensure that accounting information is reliably and accurately represented) -comparability (the degree to which accounting standards and policies are consistently applied from on period to another; financial statements are prepared in a format that can be compared with the financial statements finance in previous years -Timlinees (oinancial statements are prepared and presented in a timely manner so that users of the financial statements can use them in making decisions; -Understanding (user of accounting information can understand the accounting information presented; disclouser of accounting information)
2	Digital mindset focus	-Digital vision (organization with a sharp digital vision and sees opportunities in digital technology) - Attitude in digital (an attitude that explains and solves problems with digital technology is the basis for improving operational processes; different perspectives to create innovation with digital technology
3	Digital continuous improvement	- Digital experience (Preiod to use digital technology in work; employers continue using emerging technologies to benefit their business practices) -Digita technology skill (Ability to understand, access, and effectively use today's digital technologies) -Continuous learning in digital (The intention is to constantly learn digitally to have the knowledge and ability to manage changing problems and situations)
4	Digital Empower talent	-Business management paradiam (business's efforts to connect with, interact with and build relationships with customers through digital channels. It encompasses a wide array of technologies and platforms that enable businesses to engage and resonate with their target) -Digital tranformation (Adoption and implementation of digital technology by the means of translating business processes into a digital format)
5	Distinctive tecnology utilization	-Digital literacy (ability to find, evaluate, and communicate information using typing or digital media platforms; combination of both technical and cognitive abilities in using information and communication technologies to create, evaluate, and share informatio)

		-Collaborative tools (a group of technologies that offer real-time data, group chat, file sharing, shared calendaring, project coordination, voice and video for group communication that can be centrally managed, which streamlines administrative tasks)
6	Adhere to related regulation	- regulatory compliance (financial statement are often subject to regulations like TFRS) - professonal ethics (straightforward and honest in all professional an dubsiness relationships; never cpmpromise professoal or inappropriate influence of others; maintain professional knowledge and skill to ensure that a client or employer receives competent professional service; Maintain the confidentiality of professional or business information; void any actions that may bring discredit on the profession)

3.4 Reliability and validity

In this research, The Conbach's alpha was used to test the reliability of the measurement coefficient alpha indicates the degree of internal consistency among items that should be greater than 0.70 (Hair et al.,2010). Also, convergent validity was tested by the factor loading, each of construct should be greater than the 0.40 cut-off and all factors are statistically significant (Hair et al.,2010).

Table 2: Result of measure validation

Variables	Factor Loading	Conbach' alpha
Digital Mindset Focus (DMF)	0.710-0.919	0.803
Digital Continuous Improvement (DCI)	0.774-0.931	0.852
Digital Empower Talent (DET)	0.741-0.832	0.785
Distinctive Digital Utilization (IDU)	0.784-0.801	0.810
Adhere to related Regulation (ARR)	0.770-0.842	0.733
Accounting Information Quality (AIQ)	0.770-0.801	0.716

The results of measure validation show in table 2. presents all variables have factor score between 0.710 - 0.931 indicating that there is the construct validity. Futhermore, the reliability of all variable is accepted because Cronbach's alpha for all variables are shown between 0.716 –0.852.

4. Result and Discussion

In table 2, the descriptive statistics and correlaton matrix for all variables are presented. With respect to potential problems relating to multicollinearity, variance inflation factors (VIF) were used to provide information on the extent to which non-orthogonality among independent variables inflates standard erors. The VIFs rage form 1.551 – 2.504, well below the cust-of value of 10 as recommended by Neter, Wasserman and Kutner (1985), meaning the independent variables are correlated with each other. Thus, there were not substantial multicollinearity problems encountered in this research.

Table 3. descriptive statistics and correlation matrix

Variables	AIQ	DMF	DCI	DET	DTU	ARR	VIF
Mean	4.417	4.467	4.572	4.529	4.481	4.471	
S.D.	0.399	0.444	0.464	0.447	0.470	0.437	
AIQ	1	0.455***	0.541***	0.400***	0.302***	0.612***	1.551
DMF		1	0.512***	0.352***	0.283***	0.477***	1.731
DCI			1	0.331***	0.278***	0.524***	1.708
DET				1	0.855***	0.230***	2.504
DTU					1	0.181**	1.769
ARR						1	
	R^2 = 0.857	F =178.27		Adjust R^2 = 0.852			

*** p < 0.001, **p < 0.01, *** p< 0.05, Beta coefficients with standard error in parenthesis

The ordinary least squares (OLS) regression analysis is used to test and exmine the hypothesized effects of digital mindset focus, digital continuous improvement, digital empower talent, intelligent digital utilization and adhere to related regulation effets on accounting information quality. Because all variables in this research were neither nominal data nor categorical data, OLS is an appropriate method for examining the hypothesized relationships (Aulakh, Kotabe and Teegen, 2000). With the interest to understand the research model are depicted as follows.

$$AIQ = \alpha_1 + ß_1DMF + ß_2 DCI + ß_3DET + ß_4DTU + ß_5ARR + \varepsilon_1$$

Table 4. results of Ols regression analysis

Column 1	**Accounting Informantion Quality (AIQ)**				
	B	**Std.Err**	**Beta**	**t**	**p-value**
Constant	1.634	0.203		3.542	0.000***
DMF	0.024	0.045	0.020	0.524	0.601
DCI	0.019	0.043	0.018	0.446	0.656
DET	0.234	0.041	0.231	5.706	0.000***
DTU	0.334	0.053	0.263	2.558	0.012*
ARR	0.111	0.043	0.105	19.658	0.000***

*** p < 0.001, **p < 0.01, * p< 0.05, Beta coefficients with standard error in parentheis

Table 4 shows the results of OLS regression analysis for effects of each dimension of digital organizational culture on accounting information. Firstly, digital mindset focus has no a significant on accounting information quality ($ß_1$ = 0.024, p>0.05). Although prior study suggested that digital mindset focus had a highly significant positive fluence on quality work. A possible explanation is that may be implied that organization with digital mindset helps accounting director' response to the pressure and the situation effectively for prevent impacts on only work and life. Therefore, accounting director has a great digital mindset focus just allows accounting directors to work on their own capabilities. It is not enough to improve accounting information quality because depends on other factors. Therefore, Hypothesis 1 is not supported.

Secondly, the effect of digital continuous improvement as having no significant influence on accounting information quality ($ß_2$ = 0.019, p>0.05). The results of the analysis are inconsistent with previous research. This is because, during new normal condition, there was an acceleration of digitalization throughout the business chain. Although, organizational agility in digital transformation is still an emerging challenge. Directors need to be more adaptive and agile in running their business as part of the important to improving the quality of their work. Thus, Hypothesis 2 is not supported.

Thirdly, the results showed that digital empower talent had a significant positive influence on accounting information quality ($ß_3$ = 0.234, p<0.001). Organizational with greater digital empower talent tend to encourage accounting information quality. Consistent with Jiang et al.,(2023) identified that digital empowerment strategy employed in an e-commerce supply chain, including one platform firm and mutiple small retailers that it can be used as an effective mechanism to coordinate such a supply chain, not only increasing the profits for the platform and retailers, but also improving the digital empowerment level. Hence, Hypothesis 3 is supported.

Fourthly, the results presented that distinctive digital utilization had a significant positive effect on accounting information quality ($ß_4$ = 0.234, p<0.001). Organizational with distinctive digital utilization can help accountants to take the initiative an dperform the hard work to improve them. Executives are aware of the use of technology and digital signals to link activities in the work process faster for quick access to customer information, helping to streamline operations and the organization uses digital technology to communicate with customers to create value. Consistent with Thorseng & Grisot, (2017) found that the use of digital tools or technology in patient care resulted in changes in the operational processes of employees. Therefore, Hypothesis 4 is supported.

The last dimension of digital organizational culture, adhere to related regulation had a significant positive effect on accounting information quality, ($ß_5$ = 0.234, p<0.001). This finding confirm that organizational adhere to related regulation is important in that it creates accounting information quality. Consistent with Binh,Tran &Vu (2022) established that innovative organizational culture with adhere related regultation is an essential factor in enhancing the quality of accounting information. Thus, Hypothesis 5 is supported.

From the results can be summarized that digital empower talent, intelligent digital utilization and adhere to related regulation effect on accounting information quality. these results support previous studies showing that digital organizational culture has effect on accounting information quality (e.g., Huynh,2021; Hadi & Baskaran 2021; Teghu et al., 2022; Papamo et al.,2022) Accordingly, the results indicated that digital organizational culture influences on accounting informance quality consist of equation as following:

$$AIQ = 1.634 + 0.234DET + 0.334DTU + 0.111ARR$$

5. Conclusion and Suggestion

The results of this research found that digital empower talent, intelligent digital utilization and adhere to related regulation had a significant positive influence on accounting information quality. From the results, it can be summarized that quality accounting firm with digital organizational culture (especially, digital empower talent, distinctive digital utilization and adhere to related regulation) will increase accounting information quality. In addition,this research has potential implications for accounting directors to identify and justify the main components of digital organizational culture that may be more accounting information quality. Moreover, they are well suited to provide the details of digital organizational culture in each firm. Future research should

attempt to study on other potential variables. Other methods may apply in the future such as in-depth interviews, and case studies.

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