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E-BOOK COMPILATION OF UNVEILING THE NEXUS OF COMPLEX CHALLENGES IN Accounting, Finance & Management

EXERCISING THE FUNCTION OF RECTOR

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UNVEILING THE NEXUS OF COMPLEX

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COMMITTEE ON PUBLICATION, RESEARCH & INNOVATION
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A Message from the Exercising the Function of Rector UiTM Cawangan Perlis

Assalamualaikum Warahmatullahi Wabarakatuh and warm greetings,

I would like to extend my heartiest congratulations to the entire Editorial Team for their commendable efforts in successfully publishing the Second Edition of the E-Book Compilation of Unveiling the Nexus of Complex Challenges in Accounting, Finance, and Management, 2024. Your dedication and collaboration have resulted in a work that will not only enhance the academic community but also support lifelong learning for students, researchers, and professionals alike.

This e-book serves as a valuable resource, offering accessible knowledge at the convenience of our fingertips. It represents a step forward in promoting digital

literacy and ensuring that critical information is readily available to a wider audience. The interactive features and updated content will surely inspire greater engagement, making the learning experience more meaningful and enriching. I am proud to witness such initiatives that align with our mission to foster innovation, research, and academic excellence at UiTM Cawangan Perlis.

Let this achievement inspire us to continue pushing boundaries, as the work reflects the spirit of unity and commitment that defines our university.

May this second edition mark the beginning of many more successful publications. Keep up the excellent work, and may your dedication continue to inspire future generations.

Thank you, and congratulations once again!

Sincerely,

Assoc. Prof. Dr. Shukor Sanim bin Mohd Fauzi



A Message from the Patron

Head Centre of Studies

Faculty of Accountancy, UiTM Gawangan Perlis

Assalamualaikum Warahmatullahi Wabarakatuh and warm greetings,

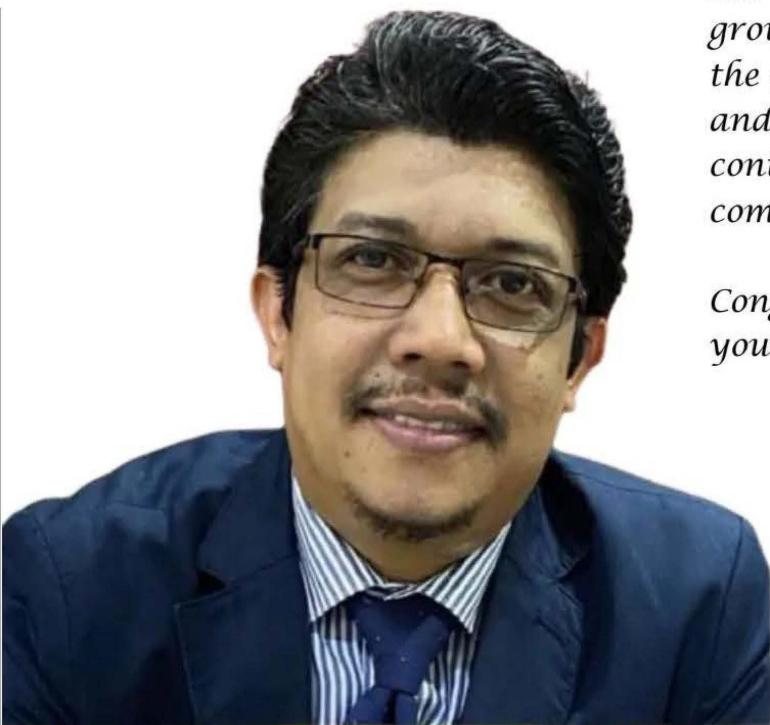
I would like to extend my heartfelt congratulations to the Editorial Team for the successful publication of the second edition of this e-book. Your tireless efforts and commitment to excellence have resulted in a resource that will undoubtedly enhance the learning experience for students and contribute to the academic growth of our faculty.

This e-book is more than just a compilation of knowledge—it is a powerful tool that promotes accessible learning for all. The digital format allows students to engage with content in a flexible and interactive manner, which is essential in today's evolving educational landscape. The updated information and enhanced features ensure that readers have access to relevant and practical knowledge, tailored to meet the demands of our dynamic field.

The contribution of the Editorial Team is not only a reflection of their hard work but also a testament to the collaborative spirit and innovative mindset that we cultivate at UiTM Perlis. As educators and scholars, it is our duty to continuously evolve and push the boundaries of learning, and this publication is a fine example of such progress.

Let this success be the beginning of more groundbreaking achievements. I encourage the entire team to keep striving for excellence, and I have no doubt that your dedication will continue to inspire and benefit our community for years to come.

Congratulations once again and thank you for your remarkable contribution.



Sincerely,

Assoc. Prof. Dr. Azrul bin Abdullah C.A.(M)

A Message from the Chief Editor Research, Publication and Innovation Committee

Assalamualaikum Warahmatullahi Wabarakatuh and warm greetings,

It is with great pride that I extend my sincere congratulations to the Editorial Team of Faculty of Accountancy, UiTM Perlis for their outstanding achievement in publishing the second edition of this e-book. Your collective hard work, dedication, and passion have produced a valuable resource that will undoubtedly benefit both students and faculty alike.

This e-book offers a modern and accessible approach to learning, providing users with up-to-date content and practical insights that are essential in today's academic and professional environment. Its digital format allows for flexible and convenient access, empowering learners to engage with the material on their own terms, anywhere and anytime. The enhancements in this second edition reflect a commitment to continuous improvement, ensuring that the content remains relevant and impactful.

Your efforts not only contribute to the academic development of our faculty but also embody the spirit of innovation and collaboration that we strive for at UiTM Perlis. This accomplishment is a testament to the power of teamwork and the importance of pushing the boundaries of traditional learning.

Let this milestone inspire all of us to keep striving for excellence and to continue paving the way for future achievements. Congratulations once again, and may your hard work continue to inspire others in the pursuit of knowledge.

Thank you and well done!

Sincerely,

Dr. Marjan binti Mohd Noor C.A.(M)



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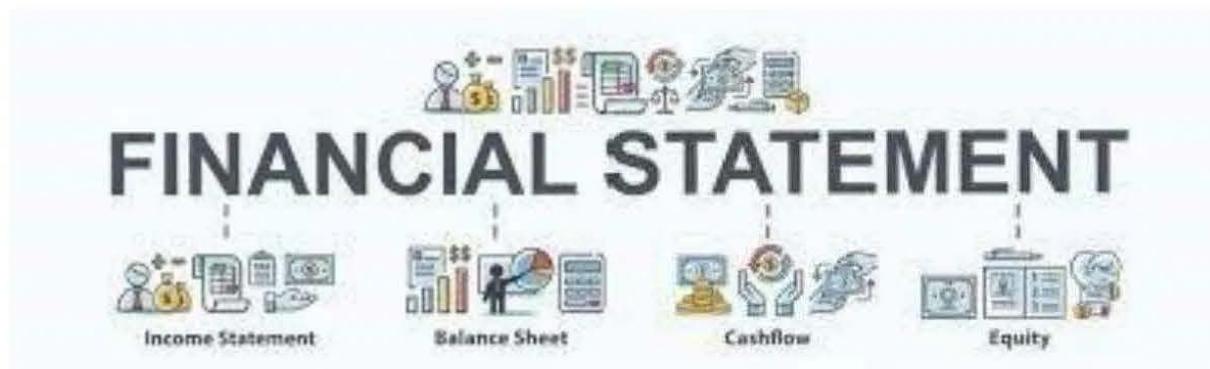
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Auditing 2.0: Why Your Financial Statements Aren't Enough Anymore?

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The traditional role of auditors was once closely tied to financial statements, where their primary responsibility was to scrutinize the accuracy and compliance of these statements with accounting standards (DeFond & Zhang, 2014). However, as business environments evolve, the scope of auditing has broadened significantly. Today, auditors must evaluate broader areas of risk, including internal controls (Alles et al., 2014). They must also focus on regulatory compliance (IFAC, 2016). Cybersecurity has become another critical area of audit focus (KPMG Malaysia, 2021). Additionally, auditors are increasingly responsible for assessing environmental, social, and governance (ESG) practices (PwC Malaysia, 2022).

A study by DeFond and Zhang (2014) underscores the limitations of traditional audits in addressing the dynamic risks present in today's business environment, thus necessitating a more integrated approach. Similarly, Alles, Geiger, and Hofmann (2014) argue that modern audits should include evaluations of internal controls to mitigate the risks of fraud and errors. This approach extends the auditor's role beyond just financial statement verification (Alles et al., 2014). In Malaysia, the Auditor-General's Report 2019 highlighted weaknesses in internal controls across various government agencies, emphasizing the need for more rigorous audits (Auditor-General's Report, 2019).

Supporting these points, recent statistics reflect the evolving landscape of audit responsibilities. For example, a report by PwC Malaysia (2022) revealed that 75% of Malaysian companies are integrating ESG considerations into their audit practices, highlighting a growing recognition of the importance of these factors in assessing long-term business viability (PwC Malaysia, 2022). Similarly, KPMG's 2021 survey of Malaysian auditors indicated that 70% consider cybersecurity a critical area of audit focuses due to the increasing frequency of data breaches and cyber threats in the country (KPMG Malaysia, 2021). These findings underscore the

necessity for auditors to adopt a more comprehensive approach that goes beyond traditional financial metrics.

The convergence of financial and non-financial reporting is becoming increasingly significant in Malaysia as well. Wright (2020) observes that stakeholders globally are no longer satisfied with just financial performance reports; they demand insights into how companies manage a variety of risks, such as operational, environmental, and reputational risks. In Malaysia, the Securities Commission stresses the importance of non-financial reporting, urging companies to disclose not only financial results but also how they manage their risks, including those related to sustainability (Securities Commission Malaysia, 2021). A Deloitte Malaysia report (2020) found that Malaysian companies with robust non-financial reporting practices are 28% more likely to achieve long-term financial success, reinforcing the critical link between financial and non-financial factors in overall business health (Deloitte Malaysia, 2020). Furthermore, Alles et al. (2018) highlight the importance of cybersecurity evaluations, noting that the average cost of a data breach in Malaysia in 2021 was MYR 17 million, a 12% increase from the previous year, which further illustrates the growing relevance of cybersecurity in audits (Alles et al., 2018).

Additionally, the integration of data analytics into auditing is revolutionizing the audit process, including in Malaysia. Cheng (2013) discusses how leveraging large datasets can help auditors identify anomalies and assess internal control weaknesses, providing a deeper understanding of an organization's financial health. A study by McKinsey & Company (2021) supports this by indicating that companies utilizing data analytics in their audits experience a 25% increase in audit efficiency and accuracy (McKinsey, 2021). In Malaysia, a report by the Malaysian Institute of Accountants (MIA) in 2020 highlighted how data analytics is becoming increasingly crucial in Malaysian audits, particularly as businesses become more digitized and complex (MIA, 2020). Furthermore, Brown-Liburd et al. (2015) emphasize how the incorporation of AI and machine learning into auditing processes enhances auditors' ability to detect patterns and trends that might not be immediately apparent through traditional methods (Brown-Liburd et al., 2015). In Malaysia, the use of AI in auditing is still in its early stages, but pilot projects by firms like EY Malaysia show promising improvements in the speed and accuracy of audits (EY Malaysia, 2020).

The globalization of business operations adds another layer of complexity to modern audits, and Malaysia is no exception. The International Federation of Accountants (IFAC) emphasizes the need for global convergence in auditing standards to ensure consistency and reliability in cross-border audits (IFAC, 2016). A 2019 study by EY found that 70% of multinational companies in Malaysia struggle with navigating the complex regulatory landscape, underscoring the need for auditors to have a deep understanding of international regulations (EY Malaysia, 2019). This challenge is particularly evident in the context of financial reporting, where differing accounting standards across countries can lead to significant discrepancies in reported financial performance.

Furthermore, the growing emphasis on sustainability and corporate social responsibility (CSR) is reshaping the audit landscape. Stakeholders increasingly demand transparency not only in financial performance but also in how organizations impact the environment and society. Simnett et al. (2020) argue that auditing CSR reports requires new skills and methodologies, as auditors must verify the accuracy of non-financial metrics such as carbon emissions and

labor practices (Simnett et al., 2020). In Malaysia, the Bursa Malaysia Sustainability Reporting Guide (2018) has set the framework for listed companies to report on sustainability issues, with audits playing a key role in verifying these reports (Bursa Malaysia, 2018). A 2020 survey by the Global Reporting Initiative (GRI) found that 74% of Malaysian investors consider sustainability factors in their decision-making, reflecting the growing importance of these issues in modern business practices (GRI, 2020).

The shift towards continuous auditing and real-time data analysis is another significant development, including in Malaysia. Traditionally, audits were conducted periodically, often annually, meaning that the information reviewed could be outdated by the time it was analyzed. Continuous auditing allows for ongoing monitoring of transactions and internal controls, providing auditors with the ability to detect issues as they arise. Vasarhelyi et al. (2015) highlight how continuous auditing enhances the timeliness and accuracy of audit reports, enabling organizations to respond more swiftly to potential risks (Vasarhelyi et al., 2015). In Malaysia, continuous auditing is increasingly being adopted in industries like banking, where rapid decision-making is crucial. A report by Bank Negara Malaysia (BNM) in 2021 noted that banks utilizing continuous auditing techniques reduced the time required to complete audits by 35%, demonstrating the efficiency gains associated with this approach (BNM, 2021).

Finally, the integration of artificial intelligence (AI) and machine learning (ML) into auditing processes is revolutionizing the field. Brown-Liburd et al. (2015) argue that AI-driven audits can identify patterns and trends that human auditors might overlook, leading to more comprehensive and insightful audits (Brown-Liburd et al., 2015). Supporting this, a study by Gartner (2020) found that 61% of organizations using AI in their audit processes reported improved accuracy and efficiency, highlighting the transformative potential of these technologies (Gartner, 2020). In Malaysia, the deployment of AI in auditing is being spearheaded by firms like Deloitte Malaysia, which has reported a 20% increase in audit accuracy and a 30% reduction in time spent on manual tasks (Deloitte Malaysia, 2020).

The expansion of auditing beyond traditional financial statements reflects the growing complexity of today's business environment. As auditors increasingly address areas such as cybersecurity, ESG practices, and regulatory compliance, their role becomes more integral to safeguarding organizational health and stakeholder trust. Moving forward, the profession must not only adapt to these evolving demands but also lead in innovating audit practices to better anticipate and mitigate emerging risks. By doing so, auditors can ensure that they remain vital in a rapidly changing world, driving both transparency and resilience in business.

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The Role of Higher Education Institutions (HEIs) in Encouraging Entrepreneurial Culture among Students

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The field of entrepreneurship receives the attention of all stakeholders, especially the Ministry of Higher Education (KPT) to ensure that superior human capital that has strong entrepreneurial characteristics and can create jobs for others can be born in Higher Education Institutions (HEIs) according to the Malaysian Education Development Plan 2015-2025 (Higher Education) or PPPM (PT) 2015-2025. In 2021, it was found that a total of 93,352 students had ventured into entrepreneurial or business activities throughout their studies at HEI, which contributed to an increase of 35 percent compared to 68,937 students in 2020 (Kosmo, 10 September 2022). This shows that the field of entrepreneurship is gaining important foothold among higher education students during their study period.

The Ministry of Higher Education (KPT) has spent almost RM43 million to make the entrepreneurship agenda at HEIs successful since 2016 through the HEI Entrepreneurship Action Plan 2021-2025 (Bernama, 13 October 2023). Moreover, KPT also recorded more than 40,000 students at Public Institutes of Higher Education (IPTA) who made entrepreneurs their chosen career after graduating, for example, there are about 22,000 student entrepreneurs who have gained exposure and run businesses during their studies in Universiti Teknologi MARA (UiTM) (Bernama, 13 October 2023).

Several studies have found that interest with attitude, motivation, knowledge and personal skills are significant factors that can contribute to involvement in entrepreneurial activities during studies (Hashim et al., 2022, Ali Amaran & Hamzah, 2021). Moreover, it cannot be denied that getting additional income is also one of the motivating factors for becoming a student entrepreneur. The money earned can be used to cover expenses on campus and can even be shared with their families as a means of subsistence.

Abu Sa'eed narrated that the Prophet SAW said:

"The truthful, trustworthy merchant is with the Prophets, the truthful, and the martyrs."
(al-Tirmizi, 1209)

The above hadith shows the noble position that is awarded to entrepreneurs if they do business with honesty, trust, fairness and other good business ethics and principles. When the application of these noble values is practiced by student entrepreneurs, a balanced and holistic human capital can be achieved (Abdullah & Abd Majid, 2022).

How can HEIs foster entrepreneurial interest among students?

1. Obliging every student to register the entrepreneurship course

Malaysia has mandated compulsory entrepreneurship courses for all HEIs' students to cultivate an entrepreneurial mindset which aligned with the Malaysian Education Development Plan 2015-2025 (Higher Education) (Suib et al., 2024). Students need to register and pass this entrepreneurship course to graduate. These academic courses provide foundational education and knowledge regarding the entrepreneurial field for students to learn their first step in starting a business (Lim et al., 2024).

This indirectly plays an important role in channelling information about the field of entrepreneurship to all students and drawing students' interest by providing assignments that can increase students' motivation to delve into this field (Ali Amaran & Hamzah, 2021, Hashim et al., 2022, Lim et al., 2024). Among the main entrepreneurship courses at UiTM are ENT300 – *Fundamentals of Entrepreneurship* for diploma level students and ENT530 – *Principles of Entrepreneurship* for undergraduate level students (UiTM Curriculum Management, 2024).

2. Nurturing the entrepreneurial culture on campus

Creating entrepreneurial opportunities such as providing business kiosks in student focus areas such as lecture areas, dormitory areas, student activity areas and so on are also strategies to nurture the entrepreneurial culture on campus by HEIs. These business opportunities will allow student entrepreneurs to gain invaluable entrepreneurial knowledge (Lim et al., 2024). They learn to manage a business, deal with suppliers and customers, set prices and strategizing on how to ensure that their kiosks make good sales continuously while balancing and managing their time for learning (Ali Amaran & Hamzah, 2021).

HEIs need to provide continuous opportunities for students to do small scale business. When many kiosks or any business opportunities are opened around the campus, it will become a culture or habit for students to continue to become entrepreneurs in campus (Hashim et al.,

2022). However, HEIs need to make regular monitoring to ensure that the kiosk runs smoothly and benefits students who are doing business and students who become the customers.

3. Exposure to continuous entrepreneurial knowledge

Exposure to the field of entrepreneurship has a significant influence on generating and fostering students' interest in deciding to become an entrepreneur (Ali Amaran & Hamzah, 2021, Lim et al., 2024). Each HEI has a unit or department responsible for managing entrepreneurial activities, for example the 'Malaysian Academy of SME & Entrepreneurship Development' (MASMED) at Universiti Teknologi MARA (UiTM). MASMED with the goal of 'Transforming life through entrepreneurship'. MASMED provides various programs in the form of knowledge sharing, improving skills such as the 'YOUTUBEpreneurs' program, idea and product innovation competitions, as well as various programs that give added value to students who are new to the world of entrepreneurship (MASMED, 2024). HEIs' continuous efforts have a great impact on students' interest in becoming entrepreneurs while still in their studies.

4. Organizing entrepreneurial competitions

Entrepreneurship competitions that offer financial rewards or other recognition can also attract students to venture into the field of entrepreneurship while on campus (Lim et al., 2024). These competitions can highlight the products or services traded by student entrepreneurs to the public. In addition, it can also provide recognition to the results of the entrepreneurs' efforts when they win the awards. In fact, if the reward is in the form of monetary, it can help to increase business capital and contribute to a better cash flow. These student entrepreneurs will be more excited to improve their personal and business performance to become more competitive.

5. Establishment of entrepreneurial support groups among student entrepreneurs

The influence of friends is an important factor in fostering students' interest in becoming entrepreneurs during their studies. An entrepreneurial support group can be established as a reference partner for new student entrepreneurs if they need advice while running their business. This support group should consist of student entrepreneurs who have experience in business and have been given a coaching course in entrepreneurship (Lim et al., 2024). Various activities can be carried out together to build unity between student entrepreneurs. Moreover, this support groups are able to provide peer-to-peer communal and social support, knowledge transfer between seniors and juniors and expansion of networking (Lim et al., 2024). This support system is vital to ensure the continuity of the business run by these entrepreneurs in addition to making it easier for the HEIs to monitor.

6. Provide financial assistance to student entrepreneurs

The entrepreneurship fund provided by the HEIs also plays an important role in facilitating these student entrepreneurs for the smooth running of their business. Their interest will be nurtured when they feel that there is a party that is their universities that provides strong support when they needed financial help during the start-up (Ali Amaran & Hamzah, 2021). The financial aid provided can be given in the form of (1) no need for payback but a simple financial report must be sent for monitoring, (2) a flexible plan where there is no need for payback if the student entrepreneur succeeds in improving business performance to a specified level and must

send a simple financial report (Ali Amaran & Hamzah, 2021). With this, student entrepreneurs will be educated to always be responsible for the fund received. In addition, this can simultaneously teach student entrepreneurs to be more mature in making decisions.

"...And help each other in (doing) virtue and piety, and do not help each other in committing sins and enmity. Fear Allah, truly, Allah is very severe in His punishment."

(Surah Al Maidah, 2)

In conclusion, student entrepreneurs are considered as a special group that should be given constant attention. This is because the businesses that they run during their studies not only provide them with income for survival as students, but also hone their skills for self-management, time-management, doing business and learning to become a well-balanced student cum entrepreneurs. The above Al-Quran verse clearly says that helping each other for the good of the whole is highly demanded. The efforts that have been made by HEIs are very significant to ensure that this field of entrepreneurship has a place in the hearts of students. Success can only be achieved if all parties join forces to help student entrepreneurs. Let us nurture and foster the culture of entrepreneurship among students by giving support to every program provided by the HEIs.

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Shaping Tomorrow's Auditors: The Evolution of Audit Education

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The landscape of audit education stands at a pivotal crossroads, driven by rapid technological advancements and an increasing emphasis on ethical standards. As businesses worldwide grapple with the challenges of cybersecurity, data integrity, and compliance, the need for auditors who can navigate these issues with expertise and ethical clarity has never been more critical. This necessitates a significant transformation in audit education, acknowledging that the very nature of auditing is evolving in tandem with the digital age. Traditional auditing methods are evolving due to new technologies, and this necessitates a change in audit education. Thus, audit education must adapt to prepare the students not only to meet the current demands of the profession but also to anticipate future challenges, ensuring the integrity and reliability of financial reporting in an increasingly complex and interconnected global economy.

Recent academic research underscores the pivotal role of digital literacy and ethical standards in the auditor's toolkit. Daidj (2022) emphasizes the digital transformation of auditing, arguing that the integration of technology into audit practices is not merely an enhancement but a fundamental shift in how auditors engage with data and ensure accuracy. Concurrently, Kazakova (2021) explores the nuanced landscape of audit education in Russia, reflecting on the global movement towards a standardized yet flexible audit curriculum that accommodates diverse legal and economic environments. Adding to this, Rudman and Sexton (2020) delve

into the deficiencies within the current auditor training, particularly highlighting the gap in technology and digital tools' integration. They advocate for a curriculum renewal that not only addresses these gaps but also prepares auditors for the technological complexities of modern auditing environments, signifying a crucial step towards aligning educational practices with the demands of the digital age.

As the audit profession continues to navigate through the complexities of the digital age, the importance of a robust educational framework that emphasizes practical experience alongside theoretical knowledge becomes increasingly apparent. Sun and Qu (2020) offer a forward-looking perspective on IT audit education, advocating for the incorporation of cloud accounting practices into the curriculum. This approach not only prepares auditors for the technological demands of their roles but also fosters a deeper understanding of cybersecurity risks and data integrity challenges inherent in modern auditing. Furthermore, the work by Rudman and Sexton (2020) on narrowing the audit expectation gap through education highlights the critical role of continuous learning and adaptation in meeting stakeholder expectations. Their comprehensive review of literature suggests that an effective audit education must transcend traditional methodologies to include case studies, simulations, and real-world applications that bridge the gap between theory and practice. This blend of innovation in teaching methodologies and curriculum content underscores a strategic shift towards creating a more dynamic, responsive, and competent auditing workforce, capable of addressing the multifaceted challenges of today's business environment.

This progressive educational ethos is further exemplified by the recognition of the need for auditors to possess not only technical skills but also a strong ethical compass. The evolving nature of financial regulations and the increasing scrutiny on corporate governance call for auditors who are adept at navigating ethical dilemmas and upholding the highest standards of integrity. The research by Daidj (2022) and Kazakova (2021) underscores the necessity of embedding ethical decision-making and critical thinking skills within the audit curriculum, ensuring that future auditors are prepared to act as the moral compass of the financial world. Moreover, the emphasis on a global perspective in audit education, as highlighted by these studies, reflects an understanding that auditors must be equipped to operate in a diverse and interconnected global economy. This holistic approach to audit education, which balances technical proficiency with ethical reasoning and global awareness, is crucial for developing auditors who are not only capable of conducting thorough and accurate audits but also of contributing to the trust and transparency that underpin the global financial system.

Navigating towards the specific context of Malaysia, the audit education landscape presents a unique blend of local challenges and global trends, requiring customized educational approaches. Wahid and Tan (2022) highlight the significance of audit education in maintaining audit quality and conforming to the distinct regulatory and corporate governance frameworks within the country. Adding to this dialogue, the study by Johari et al. (2018) on the ethical judgment of undergraduate accounting students in Malaysia provides further evidence of the evolving needs in audit education. This research highlights the critical role of ethics in the curriculum, showcasing how the development of ethical judgment is becoming increasingly important in preparing auditors to navigate the complexities of financial reporting and auditing standards in Malaysia. The integration of ethical decision-making processes into the audit education framework ensures that future auditors are not only skilled in technical aspects but are also equipped to uphold the highest standards of integrity and accountability. This synergy

of global trends with local needs underscores the importance of a holistic approach to audit education, one that is both globally informed and locally applicable, further reinforcing Malaysia's commitment to fostering a profession that is capable, ethical, and ready to meet the challenges of tomorrow.

Amidst these educational transformations, continuous professional development (CPD) emerges as essential for maintaining the relevance and efficacy of auditors. As Nadia et al. (2016) emphasize, the dynamic nature of financial markets and evolving auditing standards necessitate a commitment to lifelong learning. CPD not only helps auditors stay current with technological advancements but also deepens their understanding of ethical and regulatory changes, thereby enhancing the quality of internal audit functions.

The evolution of audit education is a testament to the profession's resilience and adaptability in the face of changing global financial landscapes. The integration of digital technologies, emphasis on ethical standards, and the push for continuous professional development underscore a comprehensive approach to preparing auditors for the future. By embracing these changes, the audit profession not only ensures its relevance but also strengthens its role as a pillar of trust in the financial system. As auditors continue to navigate the complexities of the digital age, their education and ongoing development will remain critical in shaping a profession that is capable, ethical, and ready to meet the challenges of tomorrow.

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Subsequent Events: Key Challenges in Financial Reporting

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A transparent view of corporate financial reporting helps in identifying potential issues, making strategic decisions, and ensuring compliance with financial regulations. According to Zatravina & Nezametdinova (2022), company financial reporting provides stakeholders with relevant and reliable accounting information about the company's financial position, financial performance and changes in cash flows, ensuring successful economic interaction and cooperation. The purpose of financial reporting is to deliver financial information that benefits the stakeholders, lenders and other creditors in making investment decisions about the provision of economic resources to the reporting entity (Anwar et al. 2022). The provided financial information should be accurate and reliable, giving them a complete understanding of the company's financial state, progress, and any changes that have occurred. Furthermore, Maines & Wahlen (2006) stated that the reliability of accounting information is useful for decision making process, representing the extent to which the financial information is neutral, free from error, and a faithful representation. This enables stakeholders to make informed decisions about investments, lending, or other financial commitments. This article addresses the challenges and possible outcomes associated with subsequent events which are part of accounting information that is crucial for enhancing the accuracy, transparency, and reliability of financial statements of companies.

Malaysian Accounting Standard Board (MASB) has issued Malaysian Financial Reporting Standard (MFRS)110 *Events after the reporting period*, also known as subsequent events, which applied to all companies in November 2011. MFRS110 *Events after the reporting period* define subsequent events as significant events that occur at post reporting date. Post reporting date is the date between the end of the reporting period and the date when the financial statements are authorized for issue by the board of directors (FRF MASB, 2011). For instance, the post reporting date for company X is on 31st December 20x4 and authorization date for financial statement is on 30th April 20x5, therefore post reporting date is from 1st January 20x5 to 30th April 20x5. Subsequent events can have material implications for a company's financial position and performance, and thus need to be appropriately reflected in financial statements. However, Brumley et al. (2021) found that 67% of subsequent events considered to be irrelevant and were not reported in the financial statements. Properly addressing these events is key for ensuring that the financial statements present a true and fair view of the company's financial status.

In reporting accounting information, subsequent events can be classified into adjusting and non-adjusting events based on their nature and timing (FRF MASB, 2011). The preparer of financial statements may experience difficulty in identifying and classifying both events in enhancing the credibility of financial information provided to stakeholders. According to Brumley et al. (2021), auditors were struggle in the process of identifying and classifying

events due to lack of internal control. Misclassification can lead to inappropriate financial adjustments or disclosures, affecting the overall accuracy of the financial statements.

Furthermore, timely identification and reporting of subsequent events can be challenging as the existing regulatory framework for accounting and auditing events after the reporting date is not comprehensive (Egorova, 2021), particularly for events occurring close to the financial statement authorization date. Cut-off issues may arise when determining whether an event should be reflected in the current reporting period or disclosed in the subsequent period, leading to potential inaccuracies or omissions. The non-reporting of an event would contribute to inaccurate reporting of financial statements (Kanu & Onuoha, 2016). Inadequate disclosures can obscure the true impact of these events on the company's financial position and future outlook, leading to stakeholders drawing inappropriate conclusions.

Adjusting events are those favourable or unfavourable occurrences that provide further evidence about situations that occurred at the end of the reporting period, thereby requiring some adjustments to the financial statements (FRF MASB, 2011). The situations that require adjustment in the company's financial statements as per MFRS110 are shown in Table 1.

Table 1: Adjusting Events

Adjusting events	
Settlement of Court Cases	An ongoing court case during the reporting period is subsequently completed, and the settlement amount may provide evidence about the extent of liabilities existing at the end of the reporting date (Figure 1).
Bankruptcy of a Customer	The customer becomes insolvent and leads to irrecoverable debt.
Discovery of Errors or Fraud	Errors or fraud discovered after the reporting date, which show that the financial statements were misstated, require adjustments to correct the figures
Adjustments for Inventory Valuation	The inventory cost reported in the financial statements was sold at net realisable value and below the cost price.
Adjustments to Asset Valuation	When the net selling price of the assets is less than the carrying value or book value in the financial statements indicated impairment losses at the reporting date.

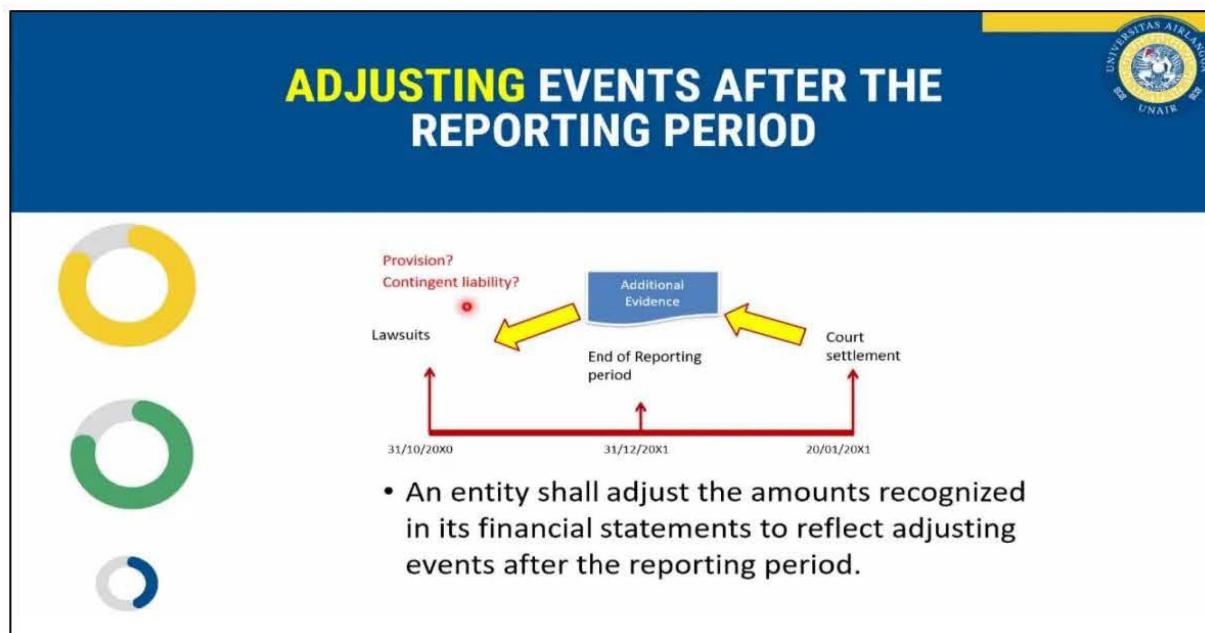


Figure 1: Adjustment of court settlement in financial statements

Source: Online Collaborative Teaching Financial Reporting during International Accounting Alliances Summit 2024 by Mrs Wahyu Firmandani, Universitas Airlangga, Indonesia

Non-adjusting events indicate conditions that arose after the reporting date and generally do not require adjustments but may require disclosure in the notes to the financial statements (FRF MASB, 2011). The disclosure of the events should include the nature, an estimated amount and a statement when such an estimate cannot be made. Non-adjusted events are reported in the notes to financial statements to avoid confusion and provide transparency to stakeholders. The situations that require disclosure notes in the company's financial statements as per MFRS110 are shown in Table 2.

Table 2: Non-Adjusting Events

		Non-adjusting events
Major Business Combinations or Acquisitions		The announcement or completion of a significant business acquisition after the reporting period should be disclosed if it has a significant impact on the company.
Issuance of New Shares or Debt		Issuing new shares or taking on significant new debt after the reporting period should be disclosed as it could affect the financial position and capital structure of the company.
Natural Disasters and Catastrophes		Natural disasters that occur after the reporting date and significantly impact the company's operations or assets require disclosure, especially if they affect the going concern assumption.
Changes in Foreign Exchange Rates		Significant fluctuations in foreign exchange rates after the reporting date that could affect future operations and profitability may require disclosure.
Significant Legal Developments		Legal changes, such as new regulations or pending lawsuits, that arise after the reporting period and could affect the company's operations or financial position should be disclosed.
Dividends Declared		Dividends declared after the reporting date are considered non-adjusting events because there is no present obligation for the entity, and they should be disclosed in the notes to financial statements.

The above situations illustrate how subsequent events can impact financial reporting and the importance of distinguishing between adjusting and non-adjusting events to ensure accurate and comprehensive financial disclosures. Implementing robust internal controls and procedures for identifying and reporting subsequent events is essential in addressing the challenges in reporting events after the reporting period. Companies should establish clear protocols for communication between departments to ensure timely identification and reporting of significant events. Regular training for financial and operational staff on the importance of subsequent events and related reporting requirements can further enhance awareness and compliance. Additionally, standard setters and professional bodies are required to provide additional guidance to preparers about internal control best practices, and guide auditors when evaluating and planning for subsequent event searches (Brumley et al., 2021).

Companies should develop a clear and consistent framework to mitigate the risk of misclassification of the events. This framework should be based on MFRS110 *Events after the reporting period* and be consistently applied across all reporting periods. Furthermore, companies should prioritize transparency in their disclosures by providing detailed and clear information about the nature, timing, and financial impact of non-adjusting events. This includes disclosing any uncertainties and potential future implications to give stakeholders a comprehensive understanding of the company's situation. Prior research by Szulc & Zieniuk (2020), majority of listed companies complied with the relevant international standards with 90% of the company's financial statements disclosing a separate note on subsequent events.

Addressing challenges such as misclassification and timely recognition of events will assist companies in enhancing the accuracy, transparency, and reliability of financial statements. The possible outcomes to overcome challenges are implementing robust internal controls and procedures, providing additional guidance for preparers of financial statements, and developing a clear and consistent framework that will improve their financial reporting practices, thereby fostering greater trust and confidence among stakeholders. As the financial landscape continues to evolve, ongoing attention to these issues remains essential for upholding the integrity of financial reporting. According to Ozdemir & Gokcen (2016), disclosures of events after the reporting period are important enough to affect all the financial statements, the independent audit opinion and investment decisions. Effectively identifying and classifying events enables accurate reporting of financial transactions and ensures compliance with relevant accounting standards. This, in turn, leads to better accountability, transparency, and decision-making for stakeholders.

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Accounting Practices in the Oil and Gas Industry in Malaysia

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The oil and gas exploration and production sector plays an important role in the global economy as one of the world's primary fuel sources. For example, investments in oil and gas reached more than US\$511 billion in 2020 (Fuller, 2024). Financial reporting in the oil and gas sector is challenging because of complex operations, varied accounting practices, and the need to accurately represent exploration, production, and distribution activities (Gray et al., 2019). In the complex and dynamic oil and gas industry, accountants specializing in oil and gas accounting cultivate advanced skills in financial reporting analysis, forecasting, and risk assessment capabilities highly valued by employers globally. Moreover, expertise in this niche area offers a distinct competitive advantage in the job market, where the demand for professionals with specialized knowledge in oil and gas accounting remains consistently high (Vyde, n.d.).

The oil and gas industry in Malaysia operates under a comprehensive set of accounting practices to ensure transparency and consistency in financial reporting. In Malaysia, accounting practices in the oil and gas industry are governed by the Malaysian Financial Reporting Standard (MFRS) 6 *Exploration for and Evaluation of Mineral Resources* issued by the Malaysian Accounting Standards Board (MASB) and the Petroleum Development Act 1974. The standard requires companies to disclose financial information, including revenue recognition, asset valuation, and impairment testing. This standard became applicable to all Malaysian companies in January 2012 (Financial Reporting Foundation, 2012).

Mineral resources comprise oil, natural gas, iron, coal, uranium, and timber and are often known as wasting assets. These assets are indeed non-renewable resources, meaning once extracted and consumed, they cannot be replenished (Kieso, 2020). Several well-known oil and gas companies in Malaysia are Petronas, Shell Plc, BP Pls, Exxon Mobile Corporation, Petron Malaysia and Royal Dutch Shell (Mordor Intelligence, 2024). Oil and gas companies heavily invest in exploration activities with long lead times and durations often uncertain success (Eggert, 1993), and largely impacted by oil and gas prices (Jafarizadeh & Bratvold, 2015).

In the oil and gas industry, accounting practices can differ substantially across companies. Specifically, the treatment of exploration costs may vary, with some firms opting to expense these costs immediately, while others choose to capitalize them on their financial statements. Companies can choose to expense exploration costs immediately, while others prefer to capitalize on them until the project's feasibility is determined. Capitalization is an accounting method in which a cost is included in an asset's value and expensed over the asset's useful life, rather than expensed in the period the cost was incurred (Tuovila, 2024). This method is a recognized approach for accounting exploration which can impact financial reporting and investor perceptions. According to Dhaliwal et al. (1999), firms with fewer assets are preferred to choose the capitalization method for exploration and development costs due to their incentives to reduce earnings variability.

There are two approaches in accounting for oil and gas which are the full cost method and the successful effort method. Indeed Editorial Team (2024), defined the successful efforts method of accounting as a process that allows companies to capitalize only on expenses related to the successful discovery of natural oil and gas. Under this method, any expenditure costs incurred on an unsuccessful attempt to discover these resources, cannot be capitalized. The outcome of this method for unsuccessful discovery resources will reduce the companies' net income for that period due to an increase in expenses. On the other hand, the full-cost method of accounting is a technique that capitalizes on all expenses related to the discovery and production of wells, even if they're unsuccessful. When using this method of accounting, these companies don't immediately report a failed well as a loss.

In addition, Metla (2015) found that the successful effort method provides a comprehensive accounting procedure for capital expenditures related to mineral exploration and evaluation, enabling effective analysis of resource use in the life cycle stage of development. However, Bryant (2003) found that full-cost accounting provides more accurate and value-relevant information for evaluating exploration and development projects, as it includes all costs and demonstrates the true economic value of the projects. Full cost accounting is a financial reporting method that recognizes the total cost of exploring for and drilling a well, regardless of whether the well is successful or not.

This article examines the accounting practices of the oil and gas industry in Malaysia concerning the definition, recognition, measurement, presentation, and disclosure that comply with the accounting standards (Table 1). To better understand the disclosure requirements for the oil and gas industry under MFRS 6, the following table summarizes the key elements.

Table 1: Disclosure Requirement

Particulars	Requirements
Definition, recognition, and measurement	Concepts of definitions, recognition criteria, and measurements for assets, liabilities, income, and expenses as prescribed by the Conceptual Framework for Financial Reporting (Conceptual Framework) are to be applied.
Measurement	At cost
Examples of expenditures included in the initial measurement	The exploration phase of extracting a mineral resource. This phase involves acquiring the right to explore a particular area, followed by a series of studies and activities to evaluate the technical feasibility and commercial viability of extracting the mineral resource. The steps include topographical, geological, geochemical, and geophysical studies, exploratory drilling, trenching, and sampling .
Measurement after recognition	At cost or revaluation model
Presentation	Classification costs of the assets as tangible or intangible according to the nature of the assets acquired and should be consistent.
Disclosure	(a) Accounting policies for exploration expenditures including the recognition of assets. (b) Amount of assets, liabilities, income, and expenses, operating and investing cash flows arising from the exploration for and evaluation of mineral resources.

Source: Financial Reporting Foundation (2012) from Malaysian Accounting Standard Board

On the Scopus website (<https://www.scopus.com/>), the following keyword search string was used in the search engine: “International Accounting Standard 6” OR “IAS6” OR “IFRS6” which is equivalent to MFRS 6 on 14 August 2024 found that only one document of research articles on International Financial Reporting Standard (IFRS) 6 was published in 2020. The author was Al-Salam (2020) who published an article with the title of the “Possibility of adopting the International Financial Reporting Standard (IFRS 6) for achieving transparency in the Iraqi oil industries”. The article aims to identify the key characteristics of Iraqi oil companies. It explores the transparency concept in accounting information within the oil industry and analyses the IFRS 6. The article also compares recent accounting practices in the Iraqi oil industry with the requirements of IFRS 6 and proposes adaptations to enhance transparency in the Iraqi oil sector by aligning it with international reporting standards. Insufficient literature in accounting research indicates that there is a need to examine the accounting practices of mineral resources in other countries such as Malaysia.

Analysis of two annual reports on oil and gas companies in Malaysia was made to examine the accounting practices applied by the companies. The samples chosen were Petronas and Petron Malaysia, the leading oil and gas companies in Malaysia (Petron Malaysia, 2024; Petronas, 2024). Table 2 represents the checklist of disclosures in the notes to financial statements.

Table 2: Checklist of Disclosure Requirements.

Particulars	Petronas	Petron Malaysia
Definition of exploration expenditure	The costs are directly related to exploration well. These costs include license acquisition and drilling costs. According to accounting standards, these costs are initially capitalized as intangible assets until the results of the exploration have been assessed. This means that the costs are not expensed immediately, but rather recorded as assets on the financial position until the outcome of the exploration is known.	Defined based on natural resources such as crude oil and minerals as raw materials can contribute to resource depletion.
Definition of development expenditure	Development expenditure refers to the costs incurred to bring a field to commercial production. This includes costs associated with exploration and development before production begins. These costs are capitalized as incurred, meaning they are recognized as assets in the financial position until the field is operational. This captures the attributable interest and other financing costs involved in the process.	Not stated.
Recognition as an asset	<u>Property, plant, and equipment (PPE)</u> Oil and gas properties Project in progress	<u>PPE</u> Refinery and terminal plants and equipment Capital project in progress <u>Inventories</u> Crude oil Petroleum products
Recognition as revenue	Oil and infrastructure	The sales value of petroleum products refers to the total revenue generated from the sale of petroleum products, excluding the value of any government duties. This figure takes into account government subsidies, which are amounts provided by the government to reduce the cost of petroleum products to consumers.
Measurement	Initial measurement at cost	Historical cost basis.
Amortization method	The unit of production method is a common amortization method used for oil and gas properties. This approach calculates amortization expenses based on the quantity of oil or gas extracted from a property over its useful life.	Not stated, applied PPE depreciation method.

Source: Petron Malaysia, 2024; Petronas, 2024

The practical application of these disclosure requirements can be observed in the financial statements of major Malaysian oil and gas companies, such as Petronas and Petron Malaysia. Table 2 shows the checklist of disclosure requirements based on IFRS 6. The observation indicated that the compliance requirement of the standard has been satisfied by the companies. The analysis of Petronas's annual report specified that the development expenditure inclusive of other financing costs was capitalized as incurred before the beginning of production.

This article concluded that the accounting practices of Malaysian oil and gas companies comply with the requirements of the standard about the definition, recognition, measurement, presentation, and disclosure. The results from the observations will enhance knowledge of mineral resource disclosures in the financial reporting landscape. The financial statement shall comply with the relevant standards when disclosing information in annual reports, and preparers shall be updated on any changes to produce high-quality annual reports that enable users to make use of the relevant information and improve their decision-making.

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Positive Mental Health: A Key for Entrepreneurs' Success

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In a hadith from Ubaidullah bin Mihshan, the Prophet SAW said,

“Whoever in the morning is safe in soul, healthy in body, and has enough food for the day, it is as if the world had been gathered for him.”

(Tirmidzi 2346, Ibn Majah 4280)

According to World Health Organization (WHO) (2022) mental health refers to a state of mental well-being that enables people to cope with the stresses of life, realize their abilities and potential, be able to learn well and work well, and contribute to their community. In addition, the Ministry of Health (KKM) defines mental health as a state of well-being in which an individual is aware of his own capabilities, can handle stress well and work productively, and is able to contribute to his family and society (Berita Harian, 2023). In a nutshell, mental health can affect the routine of life and work, thoughts, feelings, and behavior, as well as individual actions, communication with others, quality of life, and productivity. The above hadith highlights the importance of mental health in daily life, and the phrase ‘as if the world had been gathered for him’ shows how a positive and good management of mental health brings a wholesome happiness to an individual.

Meanwhile entrepreneurs are known as avid innovators who invent new resources in society, owning value; striving for technological progress, transform social and mental reality, building new connections and risks' takers (Kargapolova et al., 2023, Pradana et al., 2023). Frequently dressed up as an exciting, fast-paced career path, entrepreneurship can also be stressful and bearing on one's mental health. According to a study by the National Institute of Mental Health, 72% of entrepreneurs are directly or indirectly affected by mental health issues compared to only 48% of non-entrepreneurs; and 49% of entrepreneurs deal with mental health issues directly while just 32% of others experienced them (Murray-Serter, 2020).

In addition, a study done by Freeman et al. (2019) by examining the prevalence and co-occurrence of five psychiatric conditions among 242 entrepreneurs found that entrepreneurs stated they were facing depression (30%), ADHD (29%), anxiety (27%), addiction (12%), and bipolar disorder (11%). Table 1 shows the result regarding lifetime prevalence of mental conditions among entrepreneurs.

Table 1: Lifetime Prevalence of Mental Conditions Among Entrepreneurs

Mental Health Disorder	Explanation of Terms	Entrepreneurs
Depression	Depression is a mood disorder that causes a persistent feeling of sadness and loss of interest.	30%
ADHD	Attention deficit hyperactivity disorder (ADHD) is a condition that affects people's behavior, such as may seem restless, may have trouble concentrating and may act on impulse.	29%
Anxiety	Anxiety is a feeling of fear, dread, and uneasiness.	27%
Addiction	Addiction is a neuropsychological disorder characterized by a persistent and intense urge to use a drug or engage in a behavior that produces natural reward, despite substantial harm and other negative consequences.	12%
Bipolar	Bipolar disorder (formerly called manic-depressive illness or manic depression) is a mental illness that causes unusual shifts in a person's mood, energy, activity levels, and concentration. These shifts can make it difficult to carry out day-to-day tasks.	11%

Source: Adapted from Freeman et al., 2019

Freeman et al. (2019) also found that mental health issues impacted 72% of entrepreneurs, with 49% having a personal history of mental health challenges and 23% of asymptomatic entrepreneurs having a family history of such issues. Additionally, 32% of entrepreneurs reported having two or more mental health conditions, and 18% reported three or more conditions.

Meanwhile, the findings from a survey conducted of 227 entrepreneurs representing 46 countries by Domzalski and Andre (2024) regarding mental health is divided into three categories represented by Figure 1: Mental health challenges among entrepreneurs, Figure 2: Gender differences in mental health challenges among entrepreneurs, and Figure 3: Age differences in mental challenges among entrepreneurs.



Figure 1: Mental Health Challenges Among Entrepreneurs

Source: Adapted from Domzalski and Andre, 2024

Figure 1 shows that 87.7% of entrepreneurs struggle with at least one mental health issue, 50.2% of entrepreneurs struggle with anxiety, 34.4% of entrepreneurs suffer burnout, 26.9% of entrepreneurs have a poor work-life balance, more entrepreneurs said they were worried about mental health than physical health, 45.8% of entrepreneurs struggle with high stress, 21.6% of entrepreneurs experience insomnia or other sleep disorders, 26.9% of entrepreneurs struggle with loneliness and isolation, and only 18.5% of respondents said they were aware of mental health resources specifically tailored for entrepreneurs and business owners.

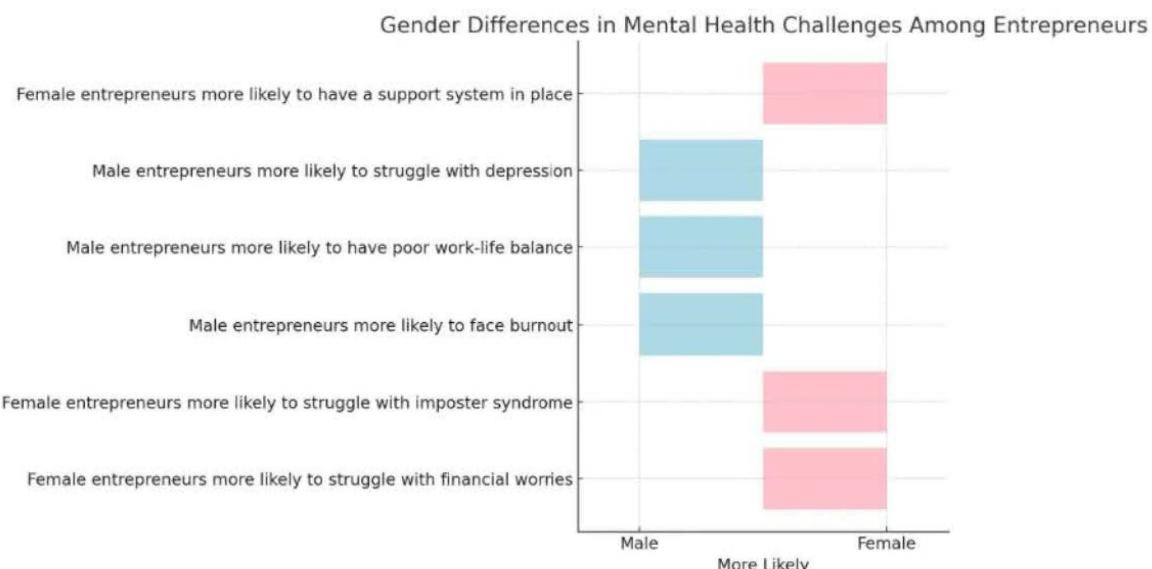


Figure 2: Gender Differences in Mental Health Challenges Among Entrepreneurs

Source: Adapted from Domzalski and Andre, 2024

Figure 2 summarized the findings regarding gender differences in facing mental health challenges among the entrepreneurs. The study shows that female entrepreneurs are more likely than males to struggle with financial worries, to conflict with imposter syndrome, and to have a support system in place. While male entrepreneurs are more likely than females to face burnout, have poor work-life balance, and struggle with depression.

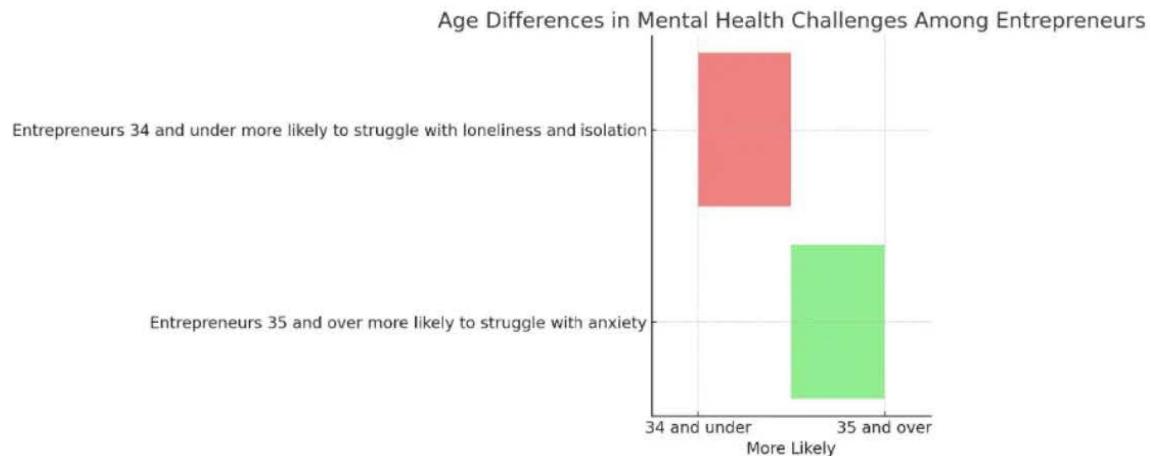


Figure 3: Age Differences in Mental Challenges Among Entrepreneurs

Source: Adapted from Domzalski and Andre, 2024

Figure 3 shows that entrepreneurs aged 35 and over are more likely to struggle with anxiety than those 34 and under. Moreover, entrepreneurs aged 34 and under are more likely to struggle with loneliness and isolation than those 35 and over.

Positive mental health is a key success factor for an entrepreneur to do business and live well daily. Several benefits can be obtained from positive and good mental health, such as greater ability to cope with stress and other mental health issues, boosting self-esteem, maintaining healthier relationships, leading to a higher productivity level, a better quality of life, etc. (Plumptre, 2024; Anwar, 2021). This article will discuss the benefits of positive and good (well-managed) mental health for an entrepreneur to have a well-balanced work-life and a higher quality of life.

A positive and good mental health management enable entrepreneurs to:

1. Have greater ability to cope with stress and other mental health issues

The life of an entrepreneur is full of joys and sorrows. Starting a business, maintaining a business, seeking new opportunities, new clients, and new suppliers, and making sure the business floats well for a long time are not simple tasks. An entrepreneur's life is all about a combination of positive and negative experiences. These experiences can lead to the emergence of one or more mental health issues, such as stress, anxiety, and burnout. Domzalski and Andre (2024) stated that among their findings, 87.7% of entrepreneurs struggle with at least one mental health issue and 45.8% of entrepreneurs struggle with high stress.

An entrepreneur with good mental health can handle life's everyday stresses. He or she will be more productive and more motivated in doing business, thus providing a significant

contribution to society in terms of employment and improving the economic state of the community. There are few ways suggested for managing stress, such as seeking therapy, regular exercise (yoga or low-impact exercise), enough daily rest and sleep, meditation, maintaining a positive outlook on life, building resilience, and learning to cope and communicate effectively (Anwar, 2021; Plumtre, 2024). When mental and emotional conditions are at top levels, the challenges of business and personal life can be easier to overcome with healthier coping mechanisms.

2. Boost their self-esteem and have positive self-image

Entrepreneurs with strong mental health are more likely to concentrate on their positive characteristics. Feeling good about oneself will make them look at any challenges positively and tackle the problems with stable and mature thinking. Moreover, they will work on issues that need fixing and usually have long-term goals of prosperous business and personal life. Being optimistic, avoiding self-blame, setting and achieving goals in business and personal life, and acquiring skills and knowledge will help the entrepreneur to become a positive person.

Higher self-esteem and having a positive self-image contribute to higher self-confidence, which can be a good indicator of a healthy mental state (Plumtre, 2024). Confident entrepreneurs who can face business challenges with positive results will be more trusted by the parties involved, such as customers, suppliers, and investors.

3. Maintain healthier business and personal relationships

Entrepreneurship can be fulfilling and increase wellbeing, but it is also highly stressful and diminishes wellbeing (Stephan et al., 2023). Balancing work and personal life have become an important issue nowadays. Life as entrepreneurs often demands long hours and a considerable time commitment, which can make it difficult to maintain a healthy work-life balance. Domzalski and Andre (2024) state that 26.9% of entrepreneurs have a poor work-life balance.

Concentrating on business 24/7 without taking enough breaks and relaxation will lead to anxiety, burnout, and other issues related to mental health. Therefore, it's crucial for an entrepreneur to take time to prepare a plan to priorities and manage time effectively. Planning should include scheduling time for business purposes, family, and for oneself. Every now and then take a break and relax. Enjoying life while doing business will make the entrepreneurs happy and healthy.

In conclusion, skills and knowledge to manage and achieve positive and good mental health need to be sought and learned. Entrepreneurs need to have healthy thinking, goals, and plans to keep them energized and motivated, be involved in healthy routine activities, and maintain social connections to stay associated with family and friends, thus able to avoid having any mental health issues. According to Anwar (2021), good mental health allows people to face life's challenges with resilience, establish strong and profound relationships, and make decisions that outline a positive future for themselves and their communities. When entrepreneurs are mentally healthy, they appreciate life and look forward to being happy and prosperous in business and personal life. Having positive and good mental health enables entrepreneurs to be imaginative, creative, and ready to take upon challenges faced by them confidently and successfully.

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The Implications of Imperfect Cash Flow Management in Business

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Cash Flow is essentially the inflow and outflow of money from a business. Abdullah et al. (2021) in their study defined 'Cash Flow' as the addition or reduction of cash based on receipt and payment of cash in a business. Moreover, cash flow is the amount of funds received or paid by the organization during the reporting or accounting period. In addition, Lazar (2018) explained that cash flow is the cycle of cash inflows such as sales, cash collected from customers, and investments and cash outflows such as payments for purchases, payments to suppliers, salaries, raw materials, and so on. Cash flow is a vital indication of your business's overall financial strength.

Positive cash flows (inflow) reflect the receipt of funds in the organization, which means the business is successively efficient. While negative cash flow on the other hand, represents the outflow or expenditure of funds by the business. If the business spends more than it earns, this could lead to problems paying bills, employees' salaries, and wages, or even hinder the ability

to take advantage of new business opportunities. This article discusses the implication of imperfect management of cash flow on a business.

Cash flow management is a very significant aspect of business to ensure smooth business transactions. If this cash flow management is carried out efficiently, a good relationship will be built with the parties who are interested in business affairs, for example a good relationship with the supplier when the business is able to pay the debt in the specified time. According to Galai et al. (2016), cash flow management is a financial tool that aids in the achievement of any commercial enterprise's primary purpose, which is to make a profit. The fundamental purpose of cash flow management in a business is to determine the degree of financial sufficiency, maximize funds, and use them efficiently.

Various strategies have been identified and implemented in Malaysia's post-Covid 19 economic recovery efforts. This includes efforts to restore micro, small and medium enterprises (PMKS) because this group is considered to be the driver of domestic investment development in Malaysia. Despite this in achieving recovery, PMKS is now seen to be facing cash flow problems after about two years of not being able to operate fully and many admit to lacking capital to return their respective businesses to their pre-pandemic levels (Kosmo, 3 November 2022). This is also supported by a statement from the Ministry of Entrepreneur Development and Cooperatives (MEDAC) which states that the main challenge for entrepreneurs is cash flow constraints as well as the number of sales that have decreased during the implementation of the Movement Control Order (MCO) (Metro, 18 January 2022).

The integrity and cash worthiness of the business will not be disputed among the industry players. However, with the world economy still in the recovery stage from the Covid 19 pandemic, many businesses are facing cash flow management problems. The daily operations of the business will be affected, and it is possible that the business will go bankrupt due to inefficient cash management. Horne & Wachowicz (2008) said that cash flow provides important information to identify the ability to generate cash, the quality of net profit, the trend of investment as well as the need to mobilize external sources of funds, debt repayment capacity, the ability to distribute interests to owners, the ability to be independent, finance, and many other financial issues.

Among the implications of imperfect cash flow management for a business is the lack of merchandise. This happens when there is a lack of cash flow or stagnant cash flow. This makes it difficult for businesses to add merchandise because there is not enough money for cash purchases or payment of credit transactions to suppliers when payment time comes. Egwu et al. (2021) found that cash flow management significantly influence the meeting of financial obligations. Business that effectively manage their cash flow have the tendency of meeting their financial obligations. There is a need for owner to effectively track the inflow and outflow of cash in their business as this contribute to the successful of the business.

The next implication is when the owner fails to explain business-related expenses such as the purchase of office materials, employee wages, various types of bills and so on. If the expenses of daily affairs cannot be met, then it will affect the smoothness of the business operations. For instance, employees who do not receive their wages or salaries will protest or are not motivated to work harder. This will lead to decrease in business productivity and reputation of the business will also be affected.

In the worst-case situation, persistent cash flow problems can drive a business toward insolvency and financial instability. Without sufficient funds to cover operational expenses and debts, the business may be forced to go into liquidation, leading to significant financial losses

for stakeholders. When workers lose their jobs and income, it will greatly impact the country's economic level.

Sufficient cash flow allows a business to manage expenses perfectly. But if it happens otherwise, it will hinder the business operations. Imperfect cash flow management will also cause the business to be unviable, the level of indebtedness will increase and even the level of profit will also decrease. If this implication continues the reputation of the business will be at its lowest level. Investors will have difficulty trusting the ability of businesses to manage their cash flow and this will cause investors to turn away and invest in other competitors. When investors lose trust in a business, efforts to restore that trust are very difficult and take a long time.

In conclusion, cash flow is critical factor to a success of a business. It represents the lifeline of every business. When a business fails for financial reasons, this may be traced to insufficient cash flow or lack of effective management. Due to that, a business should take early steps so that the cash flow of the business is at an optimal level. This includes regularly forecasting cash flow to anticipate and prepare for potential shortfalls, optimizing inventory management to reduce unnecessary costs, and negotiating favourable payment terms with suppliers and customers. If this matter is taken for granted and not managed perfectly, then more serious implications may hit the business. In fact, it is feared that the business performance will be worse, causing a business to go out of business because it is unable to manage cash flow wisely.

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Ethical Challenges in ESG Reporting: Comparing Malaysia, Thailand, and Indonesia

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Introduction to ESG Reporting

Environmental, social, and governance (ESG) is increasingly important in modern business as it reflects a company's commitment to sustainability and social responsibility. ESG is an important framework that assists stakeholders in understanding how companies manage their risks and opportunities related to ESG criteria as shown in Figure 1. ESG issues have attracted widespread attention from the practical and academic communities (Li et al., 2021) and companies have disclosed various kinds of ESG reporting to satisfy the stakeholders' expectations (Lokuwaduge & Heenetigala, 2017).

 Environmental Your impact on the world	 Social Your contribution to your communities	 Governance How you conduct yourself
<ul style="list-style-type: none"> ✓ Climate change ✓ Greenhouse gas (GHG) emissions ✓ Natural resource depletion ✓ Waste and pollution ✓ Deforestation ✓ Hazardous materials ✓ Biodiversity ✓ Recycling processes 	<ul style="list-style-type: none"> ✓ Working conditions, including slavery and child labour ✓ Impact on local communities ✓ Conflict regions ✓ Health and safety ✓ Employee's relations and diversity ✓ Employee benefits ✓ Product mis-selling ✓ Data protection ✓ Human rights 	<ul style="list-style-type: none"> ✓ Executive pay ✓ Bribery and corruption ✓ Political lobbying and donations ✓ Board diversity and structure ✓ Tax strategy ✓ Data breaches ✓ Shareholders rights

Figure 1: ESG Criteria

Source: KPMG, 2020

ESG reporting refers to the provision of information about a company's ESG practices to stakeholders such as investors, consumers, and the general public. ESG reporting has become an important aspect of corporate management around the world, including in Malaysia, Thailand, and Indonesia. However, there are several ethical challenges faced in ESG reporting that can affect the integrity and effectiveness of this reporting. One of the main ethical challenges in ESG reporting is the practice of misleading of ESG information by the companies known as greenwashing.

What Is Greenwashing?

The term "greenwashing" was first used in 1986 by Jay Westerveld, in his essay whereby he is criticizing the hotel industry for encouraging guests to reuse towels in an effort to save water, while no action is actually taken by the hotels to reduce their environmental impact (Seele & Gatti, 2017). Greenwashing refers to the act of companies giving a false or misleading impression of their commitment to sustainability and green practices to portray positive environmental performance (Yu et al., 2020). Common tactic of greenwashing includes the use of labels or advertisements that emphasize the 'green' aspects of a product or service without strong evidence. For instance, products such as refrigerators that claim to have an "Energy Star" label but do not meet the energy efficiency criteria they should (Delmas & Burbano, 2011). The issue of greenwashing is important because it can undermine consumer and investor confidence, as well as reduce the positive impact of real sustainability initiatives (Santos et al., 2024).

Greenwashing practice in Malaysia, Thailand and Indonesia

Malaysia

In Malaysia, ESG reporting is getting more attention from large companies. However, the practice of green washing is a big challenge in this country. There are several cases where companies promote green initiatives that do not actually exist or are exaggerated. For instance, the Malaysian palm oil industry relies on marketing tactics that mislead the public about its environmental performance rather than genuinely pursuing greener practices (Flinders, 2008).

Thailand

In Thailand, ESG reporting is also gaining attention, but greenwashing remains a major issue. For example, Thailand government's Forest Reclamation Policy which aims to reclaim forest land but has been accused for greenwashing. The policy has been criticized for it disproportionately affects poor communities by displacing them, while simultaneously permitting large commercial companies to engage in deforestation within protected regions. This led to more deforestation and environmental harm (Manushya Foundation, 2022).

Indonesia

Indonesia also faces major challenges in ESG reporting with greenwashing being a prominent issue. There are companies that promote green practices but do not actually practice them comprehensively. The phenomenon of greenwashing has been found in several cases in Indonesia, for example the practice of greenwashing by drinking water companies as a tourism requirement that claims to be environmentally friendly but does not match the facts on the

ground. This can hinder the development and sustainability of Indonesian tourism (Wailmi et al., 2024). Another case associated to leading entities in the wood pulp sector, such as the Royal Golden Eagle Group (RGE) and Asia Pacific Resources International Limited (APRIL), in which involved in manufacturing products like paper and rayon from logged forests, leading to environmental degradation. In June 2015, RGE announced an initiative to eliminate deforestation across its operations. However, investigative reports and data analytics reveal that the deforestation practices persist. Evidence shows that RGE, along with APRIL, continues to procure materials from deforested regions in Indonesia, breaching their own anti-deforestation policies (Rainforest Action Network, 2024).

Factors that contribute to the practice of greenwashing in Malaysia, Thailand, and Indonesia

1. Pressure from Investors and Shareholders

The pressure to show good ESG performance to investors and shareholders also prompts companies in all three countries to take shortcuts through greenwashing practices (Kim et al., 2023). Investors who are increasingly aware of ESG require companies to appear committed to sustainability, even if such commitments do not actually exist.

2. Lack of Uniform Reporting Standards

The non-uniformity in ESG reporting standards in these three countries also contributes to the practice of greenwashing. When companies do not have clear and uniform guidelines to follow, they may take the opportunity to pass on information that benefits them without adhering to strict standards. This causes non-uniformity in the quality and accuracy of ESG reports (Erol & Cankaya, 2023).

3. Reporting and Data Collection Challenges

Challenges in accurate ESG data collection and reporting also contribute to greenwashing. Companies may face difficulties in gathering relevant and reliable data on their sustainability practices. The absence of accurate and complete data can cause the company to make misleading or not completely true reports. The inability to accurately measure and report ESG performance is another factor contributing to greenwashing (Kim et al., 2023).

Recommendation and Conclusion

In conclusion, ethical challenges in ESG reporting are complex issues that require a tailored approach for each country. Efforts to tackle greenwashing need to be stepped up through several steps that can be taken by companies and regulators. These include introducing stricter guidelines, conducting regular ESG audits, and increasing education about sustainability among company management. Regional cooperation is also important to raise ESG standards and ensure best practices are followed by all companies in the region. For example, the European Union, Great Britain, the United States, Canada, and some Asia-Pacific countries, are actively developing and improving ESG disclosure frameworks for better practices by companies (Vorontsova et al., 2023). With these measures, it is hoped that the future of ESG reporting in these three countries will be more transparent and ethical.

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Bridging Accounting and Technology: The Uniqueness and Industry Relevance of UiTM's Diploma in Accounting Information Systems (DAIS) Program

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The advent of Industrial Revolution 4.0 has fundamentally transformed the landscape of various industries, including accounting (Tavares et al., 2022). This new era emphasizes the integration of advanced technologies such as artificial intelligence, blockchain, and data analytics into traditional business practices (Adel, 2022). As a result, accounting graduates are now required to possess a diverse set of technology skills to remain competitive and relevant in the job market (Elo et al., 2023). However, many universities and colleges continue to offer accounting programs that predominantly focus on the theoretical aspects of technology, leaving graduates with limited practical experience (Maali & Al-Attar, 2020). This gap in education is becoming increasingly problematic given the rapid pace of technological advancement and the

growing demand for tech-savvy accounting professionals. To address this issue, it is crucial that accounting students receive comprehensive training that combines both theoretical knowledge and practical application of technology (Ma & Ruannakarn, 2024). Recognizing this necessity, UiTM has not only offered the AC110 Diploma in Accountancy (DIA) Program but has also proactively introduced the AC120 Diploma in Accounting Information System (DAIS) Program. This program is designed to equip students with the necessary skills to analyse and utilise financial information systems effectively, thereby preparing them for the competitive and technology-driven job market. Through this innovative approach, UiTM aims to produce highly competent accounting graduates who are not only well-versed in accounting principles but also adept at leveraging technology to enhance business operations. Discover what sets the DAIS program apart from all other accounting programs. Curious about its unique features? Here's what you need to know!

The accounting program at UiTMCT ('UiTM Cawangan Terengganu') started in July 1975 with the DIA, enrolling 43 students. In its efforts to integrate information technology into accounting program, the Faculty of Accountancy proactively expanded further by offering the DAIS program in 2005. The DAIS program is firstly offered at 3 branch campuses – Perlis, Terengganu, and Melaka. Currently, this program is only offered at 2 branch campuses – Tapak, Perak and Arau, Perlis (UiTM Faculty of Accountancy, 2020). This program is designed to train accounting graduates in both accountancy and information systems at a sub-professional level. This curriculum integrates computer skills with accounting and business disciplines, including financial accounting, management accounting, taxation, business programming, database management, accounting information systems, and IT auditing. The primary aim of this program is to produce Accounting Information System Administrators capable of analysing financial information systems and delivering superior accounting services across various business sectors. Amidst the advancements of the Industrial Revolution 4.0, this program equips students with distinctive and marketable skills highly sought after by employers. Basically, the DAIS program is fundamentally crafted to train Bumiputera in the disciplines of accountancy and information systems at a sub-professional level. This comprehensive 2 ½ year full-time program is exclusively offered at the two branch campuses: Arau, Perlis and Tapah, Perak.

The Faculty of Accountancy at UiTM offers programs that adeptly adapt to an ever-evolving world. The unique curriculum integrates diverse international knowledge, equipping students with the fundamental knowledge and skills needed for accounting careers, thus enhancing their employability upon graduation. The DAIS program is designed for those pursuing careers in accounting and finance, as well as graduates seeking general management positions, especially in information systems and technology. Curious what makes the DAIS program at UiTM's Faculty of Accountancy truly unique? Dive into its standout features and find out!

In terms of the focus development and curriculum of DAIS, this program is meticulously designed to integrate accounting principles with cutting-edge information technology, providing students with a comprehensive education that meets the demands of today's digital business environment. Unlike the traditional Diploma in Accountancy, which primarily focuses on core accounting practices such as financial reporting, auditing, and taxation, the DAIS curriculum emphasizes the crucial intersection of accounting and IT. This interdisciplinary approach equips students with the technical skills necessary to manage and analyse financial data using advanced software and systems.

The DAIS program introduces students to key courses that bridge these fields. In the second semester, students begin with AIS160, Fundamentals of Information Technology, which lays the groundwork for understanding IT concepts essential for modern accounting practices. The

curriculum advances in the third semester with AIS155, Business Computer Programming, and AIS205, Computerized Accounting, where students gain practical skills and experiences in coding and using software for accounting processes. By the fourth semester, students delve deeper into specialized courses like AIS255, Accounting Information Systems, which focuses on the project management of accounting systems, and AIS275, Data Management, where they learn to create database systems, to handle and organize large datasets crucial for financial decision-making (UiTM Faculty of Accountancy, 2020). This robust curriculum ensures that graduates are proficient in both accounting and IT, making them highly competitive in the job market. They are prepared to meet the growing demand for professionals who can navigate the complexities of financial systems and contribute to the development of more efficient, technology-driven business processes.



Graduates of the DAIS program is uniquely positioned to pursue diverse and dynamic career pathways that blend accounting expertise with advanced technology skills, making them highly valuable assets in today's digital economy. Career opportunities span roles such as Accounting Information System Administrators, IT Auditors, Financial Analysts, and Business Systems Analysts. These roles are crucial in ensuring that organizations can efficiently manage and analyse financial data, automate processes, and implement robust information system that

support strategic decision-making. By equipping graduates with both accounting and IT proficiencies, the DAIS program prepares them to drive innovation, enhance operational efficiency, and strengthen the financial integrity of organizations across the various industries. This, in turn, benefits the country by fostering a workforce that can adapt to technological advancements, support economic growth, and contribute to the nation's competitiveness in the global market. Moreover, as organizations increasingly rely on data-driven insights and automation, DAIS graduates will play a significant role in shaping the future of business practices, ensuring that both public and private sectors can thrive in an increasingly complex and interconnected world.

In today's rapidly evolving business landscape, accounting graduates with strong technology skills are more relevant than ever, as they are equipped to meet the complex demands of a digital-first economy (Kroon et al., 2021). The integration of technology into accounting practices has transformed the industry, with automation, data analytics, and cloud-based financial systems becoming essential tools for modern accountants (Highradius, 2024; Johnson, 2023). Graduates with strong foundation in both accounting and technology are uniquely positioned to meet the demands of modern businesses, where data analytics, automation, and information systems are integral to operations (Kasztelnik & Campbell, 2023). Their ability to leverage technology to enhance efficiency, accuracy, and strategic decision-making makes them invaluable assets across various sectors.

These graduates are well-prepared to implement and manage sophisticated accounting software, develop and maintain financial information systems, and analyse large datasets to uncover insights that drive business growth. These tech-savvy accounting professionals are not only crucial for maintaining competitive advantages within businesses but also play an important role in ensuring the accuracy and security of financial information in an increasingly regulated environment. As industries continue to embrace digital transformation, the demand for accounting professionals who can bridge the gap between finance and technology is set to grow, making their skills indispensable across various sectors. This industry relevance underscores the importance of incorporating technology into accounting education, as it prepares graduates to lead in a marketplace that values adaptability, efficiency, and innovation. Ultimately, these graduates contribute to the stability and growth of organizations, and by extension, the broader economy, as they drive improvements in financial management and operational processes.

These distinctive features of the DAIS program not only set it apart from traditional accounting courses, but also equip graduates with a versatile skill set that meets the evolving needs of the industry. In conclusion, the DAIS program stands as a significant educational initiative that aligns with the demands of the modern business environment, where the integration of accounting and technology is essential. DAIS offers a curriculum that equips students with both foundational accounting knowledge and advanced IT skills, making them highly relevant to industries increasingly reliant on technology-driven processes. By fostering a workforce skilled in both domains, the DAIS program contributes to organizational efficiency, innovation, and economic growth, ensuring that graduates are not only competitive in the job market but also play a crucial role in shaping the future of the accounting profession in an ever-evolving digital landscape.

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Exploring The Impact of Remote Work on Employee Productivity and Well-being

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Introduction

The COVID-19 pandemic has accelerated pre-existing trends towards remote work, leading many companies to adopt work-from-home practices as the new norm. This shift is expected to continue beyond the pandemic, fundamentally altering how work is organized and performed. As remote work becomes increasingly common, organizations and employees will need to adapt to this new reality, addressing both the opportunities and challenges it presents (Hagger et al., 2020). Remote work, often referred to as telecommuting, telework, or working from home, is a work arrangement where employees perform their job duties from a location outside of the traditional office environment (Bloom, et al. 2015). This could be from home, a co-working space, or any other location that is not the company's physical office.

Remote work is characterized by the absence of a centralized office, allowing employees to work from any location with access to necessary tools and technology. According to Wang et al., (2021), this mode of work relies heavily on digital platforms for communication, collaboration, and task management, using tools like video conferencing, cloud storage, and project management software. It often offers flexibility in working hours, enabling employees to choose when and where they work, as long as they meet their responsibilities and deadlines (Marikyan et al., 2024). Unlike traditional office settings, remote work environments are decentralized, with teams potentially spread across various locations globally. Performance in remote work is typically measured by output and productivity, emphasizing a results-based culture rather than the number of hours spent in an office.

Remote work has become gradually popular, particularly with the advancement of digital technologies and the need for more flexible work arrangements (Taariq et al., 2020). It offers benefits such as reduced commute times, greater work-life balance, and access to a broader

talent pool, but it also presents challenges in terms of communication, collaboration, and upholding company culture. Furthermore, the COVID-19 pandemic has accelerated the shift to remote work, resulting in an expanded responsibility for employers to ensure the health and well-being of their employees in their home environments (Wells et al., 2023).

Importance of Studying Productivity and Well-being

Employee productivity is a significant factor in determining the overall performance and achievement of an organization. Understanding how remote work affects productivity can help businesses optimize work arrangements, set realistic expectations and implement strategies that increase output while maintaining quality (Gegerfelt & Sandström, 2023). Employee well-being is closely tied to productivity (Jaiswal & Prabhakaran, 2024). When employees are healthy, motivated, and satisfied with their work-life balance, they are more likely to be productive. On the contrary, poor well-being can lead to burnout, disengagement, and decreased efficiency, which can negatively impact the organization. Studying the relationship between remote work, productivity, and well-being helps organizations develop policies that improve job satisfaction, reduce turnover, and attract top talent. Understanding how remote work impacts employee satisfaction is essential for creating work environments that employees find fulfilling (Taariq et al., 2020). This can lead to increased loyalty, better team dynamics, and a more positive workplace culture.

Therefore, this article explores the effects of remote work on employee productivity and investigates the relationship between remote work and employee well-being. Investigating productivity and well-being in the context of remote work is essential for creating effective work environments that benefit both organizations and employees. It helps in designing policies that promote high performance, employee satisfaction, and overall organizational health, while also addressing broader economic and social challenges.

Overview of Remote Work Trends

According to studies, the idea of remote working had already been practiced by developed countries especially in United Kingdom, Germany and United States which have ranked at the top spots in the so called 'Work From Home' concept (Jalagat, 2019). Before the COVID-19 pandemic, remote working existed to some extent but was mainly associated with specific industries and mostly with high-income jobs, particularly in tech and freelance industries (Gegerfelt & Sandström, 2023). However, it was still considered a non-traditional work arrangement, often reserved for specific roles or as a perk for certain employees. The gradual improvement in digital communication tools, such as email, video conferencing, and project management software, enabled some companies to experiment with remote work (Ng et al., 2022). Some companies offered flexible work arrangements, such as telecommuting a few days a week, to attract and retain talent. However, fully remote positions were still uncommon, and the idea of remote work had not yet become mainstream.

The COVID-19 pandemic in early 2020 acted as a significant stimulus for the widespread adoption of remote work. With lockdowns, social distancing measures, and office closures, companies had to rapidly transition to remote work to continue operations (Ng et al., 2022). Organizations across industries were forced to accelerate their digital transformation efforts. Investments in technology infrastructure, cybersecurity, and remote work tools surged as businesses adapted to the new reality.

As the pandemic's immediate threat diminished, many organizations adopted hybrid work models that blend remote and in-office work, offering flexibility while retaining some physical office presence. This shift has prompted lasting changes in work organization, with companies reassessing their office space needs, leading some to downsize or eliminate physical offices. Employee expectations have evolved, with flexibility in work location and methods becoming crucial for job satisfaction and talent retention (Ng et al., 2022). However, remote work also has ongoing challenges, such as sustaining team cohesion, managing remote employees effectively, and ensuring data security, prompting continuous improvement of remote work policies.

Methods

This article conducts a review of academic articles, reports, and case studies related to remote work. Databases like Scopus, Google Scholar, Research Gate, and other academic repositories were used in this article. Focus on studies published in the previous five years to ensure that the data reflects current trends, especially those influenced by the COVID-19 pandemic.

Findings and Discussion

Remote work has introduced significant positive implications derived from previous studies that reshaped the modern workplace, offering employees greater flexibility, enhancing work-life balance and boosting productivity.

Beneficial Impacts of Remote Work on Employee Productivity and Well-being

1. Flexibility and Autonomy

Flexibility in working hours and environment significantly boosts productivity by allowing employees to customize their work schedules to align with their peak productivity times (Jalagat, 2019; Mohd Iskandar, 2022). This flexibility also enhances work-life balance, enabling employees to manage personal or family needs without compromising work responsibilities. By reducing stress and burnout, common in more rigid work environments, employees can maintain higher productivity levels.

Additionally, the autonomy provided by flexible work arrangements fosters a sense of trust and empowerment, leading to greater motivation and engagement (George et al., 2022). Employees who can choose when and where they work are often more committed to meeting or exceeding expectations. Flexibility also allows for the adaptation of the work environment to individual needs, such as creating a quiet space for better concentration at home (Mohd Iskandar, 2022).

2. Reduction in Commuting Time

Eliminating daily commutes is a major advantage of remote work, enabling employees to recover time that would otherwise be spent traveling (Gegerfelt & Sandström, 2023). This extra time can be redirected towards work, increasing overall productivity as employees have more hours available for tasks and projects. Additionally, without the physical and mental exhaustion that commuting often causes to, employees start their day with more energy and focus, leading to better performance and efficiency throughout the day. Beyond productivity, the absence of commuting also improves work-life integration, whilst at the same time save travel expenses (Ferreira et al., 2021). This balance enhances job satisfaction, which in turn boosts engagement and effectiveness at work.

3. Personalized Work Environment

Personalized and comfortable work environments play a significant role in improving focus and productivity for remote workers. By allowing employees to customize their workspaces, remote work setups can significantly reduce discomfort and improve concentration (Gegerfelt & Sandström, 2023). The ability to control one's environment helps minimize interruptions commonly found in traditional office settings, leading to longer periods of deep work and higher productivity levels. Moreover, personalized workspaces contribute to psychological comfort, reducing stress and anxiety while fostering a positive mental state. This sense of control not only enhances job satisfaction and motivation but also stimulates creativity and innovation (George et al., 2022).

4. Improved Work-life Balance

Remote work facilitates a better integration of work and personal life by giving employees greater control over their daily schedules (Faruque et al., 2024). This flexibility allows them to structure work hours around personal commitments, leading to a more balanced and less stressful lifestyle compared to a traditional office setting. Additionally, according to Jalagat (2019), the elimination of commuting not only frees up valuable time for personal activities or rest but also reduces the stress associated with travel, which positively impacts their overall well-being. The ability to tailor their work environment to suit personal preferences also enhances comfort and support, contributing to an overall improvement in well-being. This personalized approach to work helps employees feel more in control and satisfied, leading to better mental and emotional health.

5. Mental Health Benefits

Remote work can significantly reduce stress and anxiety by allowing employees to escape traditional office stressors like noise, office politics, and constant interruptions. In a more controlled and calmer work environment, employees experience less workplace stress, which positively impacts their mental health and emotional well-being (George et al., 2022).

Moreover, the flexibility of remote work permits employees to take mental health breaks as needed, which is crucial for preventing burnout and maintaining mental clarity. Whether through a short walk, practicing mindfulness, or simply stepping away from the screen, these breaks help in maintaining emotional balance. Additionally, Mohd Iskandar, (2022) found that remote work reduces exposure to competitive or high-pressure workplace tensions, enabling employees to focus more on their tasks and less on workplace dynamics. This shift creates a more peaceful and mentally healthy work experience, contributing to overall better mental health.

6. Improve Relationships

Remote work offers employees the flexibility to spend more time with their families, enhancing interactions and involvement in day-to-day family life. This increased family time allows employees to be present for important milestones, share meals, and participate in family activities, leading to stronger relationships and greater emotional fulfillment (Mohd Iskandar, 2022). The ability to set their own schedules also enables remote workers to engage more easily in personal or family activities, such as attending a child's school event or pursuing hobbies, which contributes to a better work-life balance and overall life satisfaction.

For parents, remote work reduces the stress of balancing work and family responsibilities, as the absence of a commute allows them to be more present at home and manage household tasks more effectively. Additionally, the flexibility of remote work provides increased opportunities

for self-care, whether through exercise, healthy eating, or rest, helping employees maintain their physical and mental health (George et al., 2022). This integration of self-care into daily routines enhances well-being and improves productivity.

These positive impacts highlight how remote work can significantly enhance employee productivity and well-being by providing greater flexibility, reducing stress, and enabling a better balance between work and personal life. This improvement in well-being not only benefits employees but also contributes to a more motivated, engaged, and productive workforce.

Challenges and Negative Impacts of Remote Working

On the other hand, working from home presents several challenges to productivity, as well as to employee wellbeing, with common distractions being a significant factor. Household responsibilities such as cooking, cleaning, and managing children's needs can disrupt work tasks, leading to fragmented attention and decreased productivity (Galanti et al., 2021). These distractions can make it difficult to maintain a consistent workflow, often resulting in delays and increased likelihood of errors in task completion.

Digital distractions also pose a risk in a home environment, which often lacks the structure of an office setting. With easy access to social media, television, or online shopping, employees may struggle to stay disciplined without the immediate accountability that comes from being in an office (Jalagat, 2019). Moreover, the lack of a dedicated workspace can blur the line between work and leisure, further reducing productivity. Many remote workers might find themselves working from a kitchen table or living room, where the environment is less conducive to focused work. The absence of a clear boundary between work and home life can lead to frequent interruptions and make it difficult to maintain high productivity levels.

Remote work, while offering flexibility, significantly reduces daily in-person interactions with colleagues, leading to feelings of isolation and loneliness (Jalagat, 2019, Taariq et al., 2020). The absence of casual conversations, spontaneous brainstorming, and social gatherings in a traditional office setting can negatively impact psychological well-being, contributing to mental health issues like depression and anxiety (McPhail et al., 2023). Additionally, remote work poses challenges in building strong relationships, especially for new hires, which can hinder collaboration, reduce job satisfaction, and ultimately affect productivity and retention.

Constant connectivity in remote work blurs the boundaries between work and personal life, leading to a sense of being perpetually "on." This pressure to be always available can increase workload expectations, pushing employees to work longer hours and be responsive outside of regular work times (Gegerfelt & Sandström, 2023). Over time, this can cause chronic stress, anxiety, and burnout, negatively impacting mental health. The inability to disconnect also strains personal relationships, as work-related interruptions encroach on time meant for family and relaxation, further diminishing overall well-being and happiness.

These challenges and negative impacts illustrate the complexities of remote work. While it offers many advantages, it also presents significant hurdles that can affect productivity, collaboration, and employee well-being. Addressing these issues requires thoughtful management strategies and supportive work policies that balance the benefits of remote work with its potential downsides.

Strategies for Enhancing Productivity and Well-being in Remote Work

As remote work becomes more common, both companies and employees need to find ways to stay productive and maintain well-being outside of a traditional office. While remote work offers flexibility, it also comes with challenges that can affect how well people work and their mental health. To succeed, it's important to implement strategies that can help improve focus, manage time better, and keep a healthy balance between work and personal life. By doing this, remote work can be made more effective and beneficial for both the organization and its employees.

1. Ensuring Employees Have the Necessary Resources to Work Effectively

To ensure employees can work effectively in a remote environment, organizations must provide access to essential software and hardware (Marikyan et al., 2024). This includes up-to-date computers, high-speed internet connections, and specialized tools necessary for specific roles. Without these resources, employees may encounter technical difficulties that impede productivity and increase stress (Galanti et al., 2021). Additionally, reliable collaboration tools like Slack, Microsoft Teams, Zoom, and Asana are vital for maintaining seamless communication and coordination among remote team members.

Technical support is also crucial, as employees need quick access to IT professionals for assistance with software issues, hardware malfunctions, or connectivity problems. A strong IT support system helps prevent technical difficulties from becoming obstacles to productivity.

2. Offering Training on Time Management, Virtual Collaboration and Mental Health

Organizations can enhance remote work effectiveness by offering targeted training in key areas such as time management, virtual collaboration, and mental health awareness (Taariq et al., 2020). Time management training helps employees prioritize tasks and avoid procrastination, while virtual collaboration training ensures smooth communication and teamwork in a digital environment (Galanti et al., 2021). Mental health support is also crucial, addressing the unique challenges of remote work like isolation and burnout through workshops and resources. Additionally, continuous professional development opportunities, such as online courses and certifications, keep employees motivated and growing in their careers, even from a remote setting.

3. Sustain Supportive Relationships with Co-workers.

According to George et al., (2022), managers play a crucial role in supporting remote employees by maintaining regular contact through various channels. One-on-one meetings allow for personalized discussions on progress and challenges, offering guidance and encouragement. Regular team meetings keep everyone aligned on goals and foster collaboration, while an open-door policy ensures employees feel comfortable seeking help. Additionally, managers should provide emotional and professional support (Jaiswal & Prabhakaran, 2024), addressing not only work-related issues but also checking in on employees' mental health and overall well-being, and offering resources like counseling or wellness programs.

4. Creating Clear Boundaries Between Work and Personal Life

A key priority of the organization in supporting remote workers is helping them to set and maintain boundaries between the work and non-work aspects of their lives (George et al., 2022). Designating a specific workspace helps establish a mental separation between work and home activities (Jaiswal & Prabhakaran, 2024). Clear communication with family or housemates about work schedules and boundaries minimizes distractions. Defining and

sticking to set working hours ensures that employees have a defined time for work and personal life, at the same time help prevent constant connectivity and allow for proper relaxation. These practices collectively support a healthier work-life balance and improved well-being.

By implementing these approaches, companies can create a more balanced, supportive, and effective remote work culture.

Conclusion

In summary, remote work has provided both opportunities and challenges that significantly impact productivity and employee well-being. Key benefits of remote work include enhanced work-life balance through flexible schedules, reduced commuting stress leading to increased working hours and personal time, and the potential for better mental health due to a more controlled work environment. However, it also presents challenges such as isolation and loneliness from decreased face-to-face interactions, the risk of overwork and burnout from blurred work-life boundaries, and stress from constant connectivity.

To address these challenges, organizations can employ certain approaches or strategies to support remote employees effectively. Providing essential tools and technology, offering training on time management and virtual collaboration, and fostering social connections through online events can enhance productivity and well-being. Managers play a pivotal role by maintaining regular contact, offering both emotional and professional support, and creating clear boundaries between work and personal life for employees. By addressing these areas, companies can maximize the benefits of remote work while mitigating its drawbacks, leading to a more productive and satisfied workforce.

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Factors That Affect the Auditor's Competence and Ways to Vanquish Problems

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In today's commercial environment, competition is severe, and this also applies to the public accounting services sector. Thus, in order to prosper in this fiercely competitive landscape, a public accounting company needs to be capable of attracting and retaining a sizable clientele by highlighting its professionalism and expertise. This will facilitate the firm's ability to cater not only to its current clientele but also to others as well. It is often known that a professional auditor's competence in the discipline of auditing is one of the most crucial components of a professional auditor's capacity to produce an excellent audit. This relates to their competence as professionals, which they have developed via formal education, passing professional examinations as well as employment as auditors.

Competence in audit can be defined as a sufficient ability that can be specifically applied to an objective audit (Darmawan et al., 2016). Competency shows an auditor's professionalism and ensures that he or she is competent in their field of work. A key component of an auditor's competency is their ability to conduct audits with objectivity, correctness, and reliability. This

is based on their level of knowledge and experience (Fadila et al., 2023). An experienced auditor will realize that performing the duties relating to his audit profession is easy, quick, and intuitive when he applies his skills. Thus, competency affects the quality of audits (Puspitasari et al., 2019). Skilled auditors are able to reduce mistakes or prevent unintentional errors in auditing Calocha & Herwiyanti, 2020). This suggests that a significant factor influencing the overall caliber of the audit's result will be the auditor's career duration. To become a certified auditor, you must have audit experience. When appointed, auditors with the necessary experience will be prepared to manage situations within the client company.

The auditing profession has historically been associated with high rates of staff turnover, and audit firms are well-known for their peak season (Herda & Lavelle, 2012). If the auditor fails to identify and disclose significant misstatements, the audit's quality will suffer. The ability of the auditor to execute the attestation with reasonable assurance eventually provides a high standard of audit quality and enhances the credibility of financial statements (Fadila et al., 2023). The skills and expertise of the auditors are essential components that enhance the audit's quality (Alsaedi & Kamyadi, 2023). The firm frequently loses experienced auditors due to significant employee turnover. To fill positions swiftly, especially during busy seasons, the company needs to acquire fresh staff, including fresh graduates.

This article will address the issues that affect an auditor's competency, including burnout, insufficient experience, insufficient expertise, and inadequate training, and then offer several options for fixing the matter.

1. Auditors' Burnout

A significant issue is auditors' burnout. Numerous significant behavioral and attitudinal effects in internal accounting practice are closely correlated with the condition (Fogarty & Kalbers, 2006). Fatigue and a sense of having drained emotions are the symptoms of emotional exhaustion (Hegazy et al., 2023). Additionally, prior studies have linked burnout to low job performance, avoiding interactions or communications at work, a heavy workload, employees' ignorance of the company's objectives and tasks, an increase in their desire to leave the company, and an ignorance of the significance of their role within the organization (Danudoro et al., 2021). The conflict between having too much work to do in a limited time and not enough resources to complete it is the main source of stress for auditors in the auditing profession especially in the small and medium firm (Yan & Xie, 2016). The absence of skilled and knowledgeable auditors is an additional indicator of inadequate resources. This brings up the subject of stress, which may have an effect on performance, effectiveness, and ultimately the quality of the work produced (Darmawan et al., 2016).

2. Insufficient experience

The period of experience is another factor affecting audit quality. An adequate level of experience and independence among auditors can improve the quality of audit outcome. Due to their vast experience with a variety of audit challenges, auditors are able to accurately assess the audit risks of their customers and discover areas of weakness. Inexperienced auditors found it hard to meet deadlines while incorporating client justifications without offering solid evidence to back up their findings (Al-Qatamin et al., 2021). Furthermore, the authors worry that inexperienced auditors may fail to follow important steps that could affect auditing because they believe they are superfluous. Instead, auditors should complete all audit procedures and provide a reasonable level of assurance regarding their clients' financial records. Skilled

auditors are likely to conduct audits using relevant and appropriate procedures, which will lead to better audit performance. In addition, the authors feel that highly experienced auditors have greater ability than less experienced auditors to handle issues that often result from earlier audits (Kang et al., 2017).

3. Insufficient Expertise

Knowledge and experience are frequently used as indicators of competence in the discipline of auditing (Calocha & Herwiyanti, 2020). Knowledge and experience are used to determine competence. A knowledgeable auditor with sufficient experience will be able to keep up with the increasingly complex advancements in the audit environment of their client with ease and depth (Kertarajasa et al., 2019). It suggests that competent auditors will find it easier to define any financial report misstatements they discover for clients and classify them in accordance with the objectives of the audit and the conceptual framework of the underlying accounting system (Darmawan et al., 2016).

4. Inadequate Training

Most small and medium-sized companies use new graduates and less experienced workers because they struggle to find skilled staff. Inadequate training can also lead to issues and degrade audit quality. Auditor performance and audit quality were impacted by a lack of training and relevant experience (Al-Qatamin et al, 2021). This implies that auditors may carry out inefficient auditing processes while violating the audit procedures. A lack of knowledge may result in inefficiencies, an increase in errors, or the incapacity to spot customer misstatements in financial reports.

Thus, in order to address the concerns that were previously stated and prevent an auditor from being incompetent, the followings are among the elements that must be considered to ensure that an auditor exercises professionalism in the profession.

1. Training

According to Louis et al. (2022) an extensive analysis of training in the auditing profession reveals that it is essential to staff members' skill and competency development and, consequently, to raising the quality of the work performed. Auditors need to get the appropriate training and experience to make sure the audit achieves its objectives.

Nowadays, the majority of companies offer specialized training on some of the more challenging audit issues. Detailed case studies and a post-training evaluation to verify that participants grasped the content are typical elements of this type of instruction. Auditors need to improve training, code of ethics and experience so that the audit opinion results presented can be more trusted by the public (Maisyarah, 2024).

In order for the staff to perform better, they need a regular training program. To help employees improve their professional and interpersonal skills, it is recommended that in-service training, refresher courses, and on-the-job training be scheduled on a regular basis (Rumasukun, 2024). The training for the auditors should provide further advice and guidance regarding the use of audit evidence, professional skepticism, engaging experts, and relying on other experienced auditors along with utilizing real-world case studies. Professional skills, which highlight teamwork, problem solving, communication, flexibility, critical thinking, time management,

and much more, are essential to every organization to obtain effective performance and audit quality

2. Succession Planning

As senior auditors prepare for retirement or take on new positions, succession planning assists in the transfer of knowledge, audit methodology, and best practices to the following generation of auditors. As a result, audit procedures are constant and ongoing (Munter, 2015). Planning could include considerations for timing, risk assessment, and a diverse team composition. Several aspects, such as the experience level of the team, the use of specialists, and the scheduling of who will examine which file when, can significantly alter the engagement approach and affect its effectiveness. A crucial tactic to minimize the likelihood of an error is designating complex or demanding audit domains to auditors with the suitable degree of expertise and comprehension (Bani-Ahmed & Al-Sharairi, 2014).

There is no doubt that the engagement schedule of the audit team must be considered while planning. But planning is more than just sticking to a schedule. Rather, it must be viewed as an ongoing process that starts when the last audit completes and ends when the current engagement is accomplished. Lastly, the skills gained during the planning phase ought to be applied throughout the interaction. For instance, in order to be ready for the current engagement, the inadequate control discovered in the previous audit should have been addressed as a top priority and continued to be resolved during the audit. In fact, meticulous preparation not only might result in a more successful audit execution, but it also gives auditors vital risk management techniques that might improve the quality of the audit (Ferguson, 2016).

3. Monitoring and Feedback

Audit companies' monitoring and evaluation processes have found that these elements make up a significant mechanism for guaranteeing adequate auditor performance (Herda et al., 2019). Throughout, the engagement team should be closely observed, and the work they complete should be carefully examined. Since newer employees frequently complete the basic audit evidence to support the audit conclusion, supervision is essential. This implies that any mistakes, shortcomings, or mistakes committed by them could significantly lower the audit's quality (Louis et al., 2022).

Auditors may get regular feedback as well as helpful critiques from higher up in the management hierarchy. If an auditor still lacks experience, feedback sessions can highlight specific areas for improvement and offer recommendations to enhance their skills and expertise. Their professional development might be aided by the continuous assessment and monitoring (Alsughayer, 2021). Feedback approaches can be used to recommend specific training programs, additional assistance, or mentorship to unskilled auditors, helping them acquire the necessary knowledge and abilities. In addition, companies have been able to detect issues more quickly, precisely, and reliably as a result of their monitoring.

Pre-issuance assessments have been used by certain companies to find mistakes prior to the audit process being finished. Engagement teams can then make any necessary corrections before the audit's conclusions are released to the public. Monitoring is essential to ensuring that the organization is providing high-quality audits since it allows auditors to evaluate if quality controls are in place from both a firm and engagement level perspective, as well as what is and isn't functioning. (Munter, 2015)

4. Salaries

Raising pay and benefits could lead to more satisfied auditors, which would motivate them to work harder and produce higher-quality audits (Kang et al., 2017). As we know the workload for an auditor sometimes is not equal to the salary paid. Hence, the competition among audit firms becomes more intense to acquire and retain competent and experienced auditors. According to Hoopes et al. (2018), they suggest audit staff salaries have a positive relation to audit quality when higher salaries are able to help retain competent and more experienced auditors. The study further supports regulatory claims that the audit industry's staff efficiency is being negatively impacted by unchanging salary in the audit profession, as accounting majors seek to become tax accountants or consultants rather than auditors. By providing competitive pay, companies may attract in and keep a sufficient number of qualified auditors. A sufficient number of employees has been guaranteed for audit engagements, so understaffing won't be a problem.

5. Mentor- mentee program

Colleagues can be more effectively motivated to practice awareness during engagements by gaining real-time mentoring from senior auditors or managers. Staff auditors probably become more aware by audit supervisors who guide their staff members in recognizing the impact of their work on clients by helping them see the wider context (Sweeney et al., 2013). According to by Herda et al. (2019), participants recommended that managers emphasize the importance of particular duties they perform for the engagement in order to inform staff members about the audit's primary objective. Juniors may occasionally hesitate or be scared to ask superiors directly questions regarding specific issues, including how to conduct an audit. As a result, the guidance from seniors may enable them to find a solution. Furthermore, because senior staff members frequently double-check their work before managers review it, rookie auditors can learn a lot from senior auditors' work techniques and seek guidance that will help them perform better and make fewer errors.

Conclusion

The performance of an audit is mostly determined by the expertise, skills, and background of the people doing it. Competent auditors are essential for ensuring accurate and dependable financial reporting as well as for identifying and preventing fraud or mistakes. Comprehending the firm's methods, frameworks, and pertinent controls is imperative for auditors to produce intricate accounting estimations. Even if the auditor finds information that supports management's expectations, they still need to exercise discretion when evaluating audit data that seems to go against that expectation.

Their capacity for critical analysis, risk assessment, and collaboration improves the legitimacy and dependability of financial reporting. It is imperative that auditors develop critical thinking skills and comprehend the fundamental processes associated with conducting an audit. With this experience, they will have a solid foundation to audit increasingly complex firms as their careers develop. Furthermore, the production of a trustworthy financial report by a qualified auditor will boost the confidence of the client's stakeholders. Even in the face of overseeing a complex organization, auditors must possess versatility, adaptability, and flexibility. The importance of auditor competency on the integrity, transparency, and trustworthiness of

financial accounts emphasizes the vital role auditors play in upholding the standard of competence and reputation of the audit profession.

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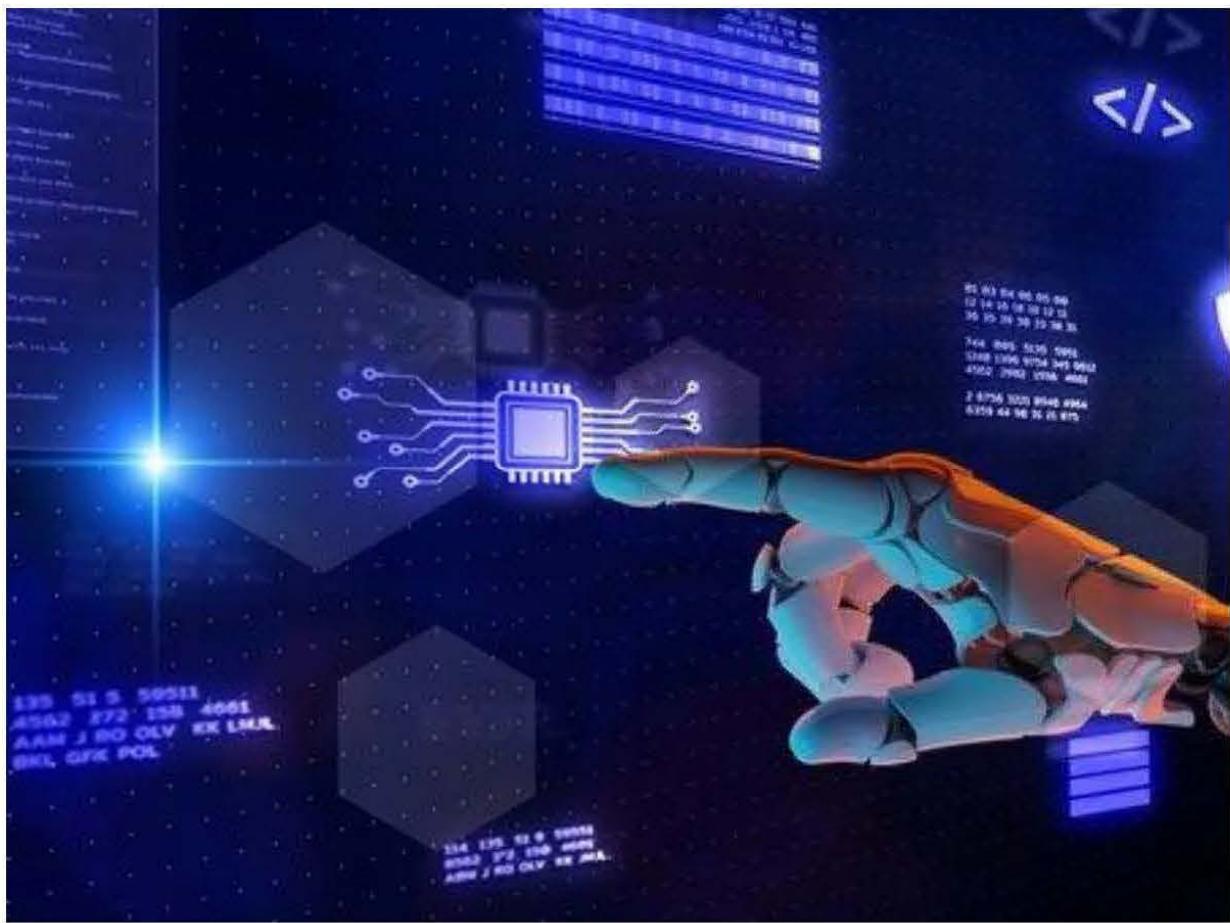
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The Repercussions of Artificial Intelligence Integration in Accounting

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Introduction

The field of accounting has traditionally relied on manual processes and human judgment. Changes in new technologies (i.e. enterprise resource planning systems or accounting information systems) are not new and are part of an ongoing process in accounting (Chen et al., 2022). New technologies, especially artificial intelligence (AI) based have a major impact on the overall structure and processes in accounting (Hasan, 2022). AI replaced humans with repetitive tasks and tasks that can be conducted by machine-based learning to improve the efficiency of an organization and make its performance more competitive (Lee & Tajudeen, 2020). Artificial Intelligence (AI) has introduced transformative changes, offering new

opportunities for enhancing efficiency and accuracy in accounting practices (Adnan et al., 2024).

The integration of Artificial Intelligence (AI) in accounting is reshaping the landscape of the profession, presenting both significant implications and challenges. As organizations increasingly adopt AI technologies, the impact on accounting functions, ethical considerations, and future directions becomes paramount (Antwi et al., 2024).

This article explores the integration of AI in accounting, examining its implications for efficiency, accuracy, and decision-making processes. It also addresses the challenges faced by organizations in adopting AI technologies.

Historical Context of AI in Accounting

The evolution of AI technologies has led to a redefinition of roles within the accounting industry, where traditional functions are increasingly supplemented by AI-driven processes that optimize performance and decision-making capabilities (Jin et al., 2022). The integration of AI technologies into accounting practices has evolved from basic automation to sophisticated decision-making tools that enhance efficiency, accuracy, and strategic insights (Odonkor et al., 2024). The impact of AI extends beyond mere automation; it encompasses the enhancement of accounting information quality and security. AI applications in accounting significantly improve the quality of financial information and bolster security measures, which are critical in today's data-driven environment (Hu, 2022).

Furthermore, the integration of AI with accounting information systems (AIS) has been shown to facilitate better financial management and compliance, as AI technologies can analyze vast amounts of data to identify patterns and anomalies that human accountants might overlook (Qin & Qin, 2021).

Moreover, the role of AI as a catalyst for innovation in accounting practices cannot be overstated. According to Aleksandrova et al. (2023), AI technologies are not only reshaping existing processes but also creating new opportunities for risk identification and process optimization within financial controlling. This aligns with the findings of Wang (2023), who emphasizes that the continuous development of AI is becoming a pivotal research direction in finance and accounting, indicating a broader acceptance and reliance on these technologies.

Benefits of AI in Accounting

The current landscape of artificial intelligence (AI) technologies in accounting is characterized by a diverse array of applications that enhance accuracy, efficiency, and decision-making capabilities. These technologies are reshaping traditional accounting practices and enabling organizations to respond more effectively to the complexities of modern financial environments (Ding et al., 2020).

This is particularly crucial in an era where timely and accurate financial reporting is essential for maintaining investor confidence and regulatory compliance. The integration of AI into financial reporting is supported by a conceptual framework proposed by Saxena (2022), which outlines how AI can be systematically applied to improve financial reporting practices. This framework serves as a guide for accounting professionals seeking to leverage AI technologies effectively, ensuring that they align with best practices and regulatory standards (Saxena, 2022).

The implications of AI extend beyond operational efficiencies, they also encompass strategic decision-making. discusses how AI can analyze vast amounts of financial data to identify trends and inform strategic planning, thereby facilitating better decision-making processes within organizations (Peng et al., 2023). This capability is particularly valuable in a rapidly changing economic landscape, where timely insights can provide a competitive advantage to organizations.

AI technologies are also transforming financial reporting processes. emphasizes that AI-driven tools streamline data processing, enhance data accuracy, and expedite reporting timelines, thereby improving the reliability of financial information for stakeholders (Antwi et al., 2024). This is particularly crucial in an era where timely and accurate financial reporting is essential for maintaining investor confidence and regulatory compliance. Adopting an AI-based accounting system impacts the effectiveness of the operation in that one organization. The AI accounting-based system helps smoothen the organization's operation by eliminating the limitations of the traditional approach, which will decrease the organization's efficiency (Hassan, 2022).

Moreover, the ethical considerations surrounding AI in accounting are gaining attention. highlights the importance of understanding the ethical implications of AI systems, particularly in how they impact financial statement information and the overall integrity of financial reporting (Shneiderman, 2020). As AI technologies become more prevalent, it is essential for accounting professionals to navigate these ethical challenges while harnessing the benefits of AI.

The Challenges of Implementing AI in Accounting

The implementation of artificial intelligence (AI) in accounting presents a range of challenges that organizations must navigate to fully leverage the potential of these technologies. These challenges can be categorized into technical, financial, ethical, and organizational factors, each of which plays a critical role in the successful adoption of AI in the accounting profession.

One of the primary challenges is the technical complexity associated with AI systems. As noted by Cheon, 2017 the implementation of AI in accounting requires a deep understanding of various technologies, including machine learning and natural language processing, which can be daunting for many accounting professionals who may not have a technical background. This complexity can lead to a reluctance to invest in AI solutions, as organizations may fear the costs associated with training personnel and maintaining advanced systems (Wong & Yap, 2024).

Financial considerations also pose significant barriers to AI adoption in accounting. Dwivedi et al. (2021) notes that the initial investment required for AI technologies can be substantial, and many organizations may struggle to justify these costs, especially in an uncertain economic climate. This financial hesitance is compounded by the need for ongoing investment in updates and maintenance, which can further strain the budgets.

Ethical and legal issues represent another critical challenge. The integration of AI in accounting raises concerns about data privacy, algorithmic bias, and accountability. Ethical considerations can hinder the use of AI, particularly regarding transparency and the potential for biased decision-making (Nassar & Kamal, 2021). Organizations must navigate these ethical dilemmas while ensuring compliance with regulatory frameworks, which can be complex and vary significantly across jurisdictions.

Organizational and cultural factors also play a crucial role in the adoption of AI technologies. Resistance to change within organizations can impede the integration of AI, as employees may fear job displacement or feel uncomfortable with new technologies. Odonkor et al. (2024) emphasizes that the fear of redundancy and the need for human interaction can create significant barriers to AI adoption in accounting. Additionally, a lack of understanding and familiarity with AI among staff can lead to skepticism and reluctance to embrace these technologies (Flavián et al., 2021). This complexity can lead to resistance among staff, as they may feel unprepared to work with advanced AI tools.

Furthermore, the need for a supportive organizational culture that encourages innovation, and adaptability is essential for successful AI implementation. It is noted that fostering an environment that promotes learning, and experimentation can help mitigate resistance and facilitate smoother transitions to AI-driven processes (Kulkov et al., 2024).

Moreover, the need for ongoing training and development is critical. Accounting professionals must be equipped with the skills necessary to leverage AI effectively, which includes understanding how to interpret AI-generated insights and integrate them into decision-making processes (Amdanata et al., 2024). This requirement for upskilling can be a significant challenge for organizations, particularly in terms of time and resource allocation.

Conclusion

In conclusion, the integration of AI in accounting presents a complex interplay of opportunities and challenges. AI presents numerous opportunities for enhancing efficiency and accuracy in accounting practices, its implementation is fraught with challenges. Technical complexity, financial constraints, ethical considerations, organizational culture, and the need for ongoing training are all critical factors that organizations must address to successfully integrate AI into their accounting processes. By proactively tackling these challenges, firms can better position themselves to harness the transformative potential of AI in accounting.

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