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The Impact of Innovative Accountants' Competence on Company Growth and Image: with an Emphasis on the Mediating Role of Business Management Efficiency and Financial Reporting Quality

Hamed Rezazadeh*
Ph.D. in Accounting, Bonab Branch, Islamic Azad University, Bonab, Iran, Hamed_rezazadeh@mail.com
Abbas Aflatooni
Associate Professor, Department of Accounting, Faculty of Economics and Social Sciences, Bu-Ali Sina University, Hamadan, Iran, A.aflatooni@basu.ac.ir

Abstract

Purpose: The accounting profession must develop a new model that adapts to technological advancements and enhances its effectiveness. The aim of this study is to examine the impact of innovative accountants' competence on company growth and image, with an emphasis on the mediating role of business management efficiency and financial reporting quality.

Method: This research is applied and descriptive-survey in nature. The statistical population consists of 64 financial managers from manufacturing companies listed on the Tehran Stock Exchange between 2017 and 2022. Data were collected through a standardized questionnaire. For hypothesis testing, structural equation modeling (SEM) using the partial least squares (PLS) approach was employed, with the analysis conducted through SmartPLS software.

Results: The research findings demonstrate that the competence of innovative accountants positively influences both business management efficiency and financial reporting quality. The efficiency of business management and the quality of financial reporting positively impact company growth and serve as mediators in the relationship between the competence of innovative accountants and company growth. Furthermore, the competence of innovative accountants and the quality of financial reporting positively affect the company's image, with financial reporting quality also mediating the relationship between the competence of innovative accountants and the company's image.

Conclusion: The innovative competencies of accountants are essential for enhancing management efficiency and improving financial reporting quality. These skills, by enhancing individual capabilities and improving organizational processes, help companies effectively address complex market challenges and improve their performance.

Contribution: The research findings provide valuable insights for managers and investors, contributing to the improvement of strategic decision-making quality within companies.

Keywords: Innovative Accountants' Competence, Business Management Efficiency, Financial Reporting Quality, Company Growth, Company Image.

Research Article

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Publisher: Imam Khomeini International University.
Corresponding Author: Hamed Rezazadeh (Hamed_rezazadeh@mail.com)

Introduction

Today, the accounting profession faces numerous challenges arising from rapid changes in the economic environment, intense competition, and the advancement of new technologies in the business world (Mandilas et al, 2014; Al-Adwan et al, 2022). In the era of new technologies, in order to continuously develop activities and increase profitability in companies, accountants' information must always be up-to-date, relevant to the company's operations, and useful for decision-making and managerial planning (Bunrueang, 2019). Accountants must develop their knowledge management skills and abilities in the era of innovation to contribute to the success of companies (Ditkaew, 2023). Innovations have the potential to enhance the competitiveness, profitability, and value indicators of companies. Therefore, innovation should be evaluated and considered as one of the key factors in driving growth and value within companies, and should also be reflected in accounting and financial reporting (Schwab, 2019). Accounting, as a fundamental pillar within a company, assists management in decision-making, financial management, tax compliance, budgeting, performance evaluation, and the establishment of corporate governance (Carnegie et al, 2021). Accounting is a key factor that plays a significant role in the survival and sustainability of companies in competitive environments. Efficient accountants ensure the financial stability and accountability of companies, helping them achieve competitive positions by making informed decisions (Oyewo, 2022; Coelho et al, 2023). Thanks to the crucial role of new technologies in the rapid evolution of the accounting profession, today's employers now expect the services provided to be significantly different from the services they received in the past (McCann, 2015). Given the continuous advancement of technologies, accountants are expected to be employed as potential internal strategic advisors in the near future. Accountants will be able to accurately assess the demand for data analysis at any given moment and communicate it in simple terms. According to most reports, accountants will be directly involved in decision-making in the future (Goh et al, 2019). Numerous studies have shown that the competence of accountants has a significant impact on the preparation of financial reports (Lohanda, 2017; Auliah and Kaukab, 2019). The quality of accounting information aids in planning, control, direction, decision-making, and cost management, providing companies with a long-term competitive advantage (Ditkaew and Jermsittiparsert, 2021). It is evident that the development of technologies such as cloud computing, artificial intelligence, and blockchain will impact the role of accountants and the entire financial industry, as it will reduce manual data entry and enhance the speed, quality, and accuracy of data (Gulin, 2019). Accountants must adapt to technological advancements and continuously integrate new technologies into their professional activities. They should combine their practical and theoretical knowledge with philosophy, mathematics, and technology (Tekbaş, 2018). Research Hypotheses:

1. The competence of innovative accountants has a positive impact on business management efficiency.
2. The competence of innovative accountants has a positive impact on the quality of financial reporting.
3. Business management efficiency has a positive impact on company growth.
4. The quality of financial reporting has a positive impact on company growth.
5. Business management efficiency mediates the relationship between the competence of innovative accountants and company growth.
6. The quality of financial reporting mediates the relationship between the competence of innovative accountants and company growth.
7. The competence of innovative accountants has a positive impact on company image.
8. The quality of financial reporting has a positive impact on company image.
9. The quality of financial reporting mediates the relationship between the competence of innovative accountants and company image.

Materials and Methods

This research is applied and follows a descriptive-survey approach. The final data analysis was conducted using structural equation modeling (SEM) with a partial least squares (PLS) approach, utilizing the SmartPLS software. The statistical population of the study comprises manufacturing companies listed on the Tehran Stock Exchange. The selection of manufacturing companies listed on the Tehran Stock Exchange as the study population was based on their characteristics; these companies are large, highly liquid, and possess an efficient management structure along with reliable financial reporting. Additionally, questionnaires were distributed among the financial managers of the selected companies, as they are directly responsible for all accounting information—both financial and non-financial—that must be provided to senior management. Based on the sampling criteria, a total of 103 companies were selected. Among them, in-person visits were made to 37 companies, of which 14 declined to participate, while 23 completed the questionnaires. Furthermore, 66 companies were engaged through follow-ups on social media, where they completed and submitted the questionnaires online. Among the received responses, 25 questionnaires were deemed invalid due to insufficient or inaccurate data. Ultimately, 64 companies were selected as the final sample for analysis.

In this study, data related to the independent, dependent, and mediating variables were collected using a standardized and extended questionnaire developed by Ditkaew (2023). Additionally, to adapt and localize the research instrument in alignment with the national context and to validate its content, the opinions of university professors and capital market experts were incorporated.

Results and Discussion

To examine the significance of the relationships between variables, the t-statistic (t-value) is used. In all research hypotheses, the t-statistic exceeds 1.96, indicating that the relationships are statistically significant at a 5% error level.

Table 1: Results of Direct Relationships and Significance Coefficients of Research Hypotheses

Path	Path Coefficient	t-Statistic	Significance Level	Result
Innovative Accountants' Competence → Business Management Efficiency	0.902	28.754	0.000	Confirmed
Innovative Accountants' Competence → Financial Reporting Quality	0.863	20.682	0.000	Confirmed
Business Management Efficiency → Company Growth	0.454	5.286	0.000	Confirmed
Financial Reporting Quality → Company Growth	0.524	6.436	0.000	Confirmed
Innovative Accountants' Competence → Corporate Image	0.681	8.350	0.000	Confirmed
Financial Reporting Quality → Corporate Image	0.259	2.824	0.005	Confirmed

The path coefficient for the relationship between the competence of innovative accountants and business management efficiency is 0.902. The t-statistic for this coefficient is 28.754, which exceeds the significance threshold of 1.96 at a 5% error level; therefore, the first hypothesis is not rejected.

The path coefficient for the relationship between the competence of innovative accountants and financial reporting quality is 0.863. The t-statistic for this coefficient is 20.682, which is above the significance level of 1.96 at a 5% error level; therefore, the second hypothesis is not rejected.

The path coefficient for the relationship between business management efficiency and company growth is 0.454. The t-statistic for this coefficient is 5.286, exceeding the significance level of 1.96 at a 5% error level; therefore, the third hypothesis is not rejected.

The path coefficient for the relationship between financial reporting quality and company growth is 0.524. The t-statistic for this coefficient is 6.436, which is higher than the significance threshold of 1.96 at a 5% error level; therefore, the fourth hypothesis is not rejected.

Given the sample size of 64 companies and the Sobel test's requirement for a minimum of 200 data points, using this test might lead to inaccurate results and reduced analytical precision. Therefore, the path coefficients indicate that the competence of innovative accountants indirectly influences company growth through business management efficiency by 41% (0.902 × 0.454). Consequently, the fifth hypothesis is not rejected.

In addition to the conducted tests, the Variance Accounted for (VAF) statistic was used to determine the intensity of the mediating variable's effect. The VAF statistic ranges between 0 and 1, where a value closer to 1 indicates a stronger mediating effect. According to Sheko and Braimllari (2018), if the VAF value exceeds 80%, the mediation effect is complete; if it falls between 20% and 80%, the mediation effect is partial; and if it is below 20%, the variable does not act as a mediator. The VAF value is calculated using the following formula:

$$VAF = \frac{a \times b}{(a \times b) + c} \quad (1)$$

In this equation, a represents the path coefficient between the independent variable and the mediator, b represents the path coefficient between the mediator and the dependent variable, and c represents the path coefficient between the independent variable and the dependent variable. Based on the above relation, the VAF (Variance Accounted For) value is equal to 1. As a result, 100% of the changes in company growth are explained by the competency of innovative accountants through business management efficiency. Therefore, business management efficiency acts as a full mediating variable in this relationship.

The path coefficients for the relationship between the competency of innovative accountants and financial reporting quality, as well as the relationship between financial reporting quality and company growth, indicate that the competency of innovative accountants indirectly influences company growth by 45% (0.524 × 0.863) through financial reporting quality. Therefore, Hypothesis 6 is not rejected. Moreover, the VAF value of 1 demonstrates that 100% of the changes in company growth are explained by the competency of innovative accountants through financial reporting quality. Hence, financial reporting quality serves as a full mediating variable in this relationship.

The path coefficient between the competency of innovative accountants and company image is 0.681. The t-value for this coefficient is 8.350, and it is greater than the significance threshold of 1.96 at a 5% error level. Therefore, Hypothesis 7 is not rejected.

The path coefficient for the relationship between financial reporting quality and company image is 0.259. The t-value for this coefficient is 2.824, and it exceeds the significance threshold of 1.96 at a 5% error level. Thus, Hypothesis 8 is not rejected.

The path coefficients for the relationships between the competency of innovative accountants and financial reporting quality, as well as the relationship between financial reporting quality and company image, show that the competency of innovative accountants indirectly influences company image by 22% (0.259 × 0.863) through financial reporting quality. Therefore, Hypothesis 9 is not rejected. Additionally, the VAF value of 0.25 indicates that 25% of the changes in company image are explained by the competency of innovative accountants through financial reporting quality. Consequently, financial reporting quality acts as a partial mediating variable in this relationship.

Conclusions

In the present era, with the unprecedented rise in competition and the increasing complexity of the market, the need for innovative and efficient approaches in business management has significantly increased. In this context, the innovative competencies of accountants play a fundamental role as key factors in enhancing management efficiency and improving financial reporting quality. These skills not only enhance individual capabilities but also improve organizational processes, helping company's better cope with complex market challenges and improve their performance. Innovative accountants, by leveraging advanced technologies and data analysis, can make better decisions and assist companies in identifying new opportunities. Therefore, analyzing the impact of innovative accountants' competencies on the growth and image of companies will contribute to a better understanding of the factors influencing the success and reputation of companies and will lay the groundwork for developing more effective strategies in the future. These findings can serve as a foundation for developing new solutions in business management and improving the financial performance of companies.

Based on the findings of the research, it is recommended that companies seriously invest in training and developing the innovative skills of their accountants. These skills, which include the use of advanced technologies, data analysis, and communication and decision-making abilities, can contribute to improving the overall performance of companies. Innovative accountants can optimize financial processes and create more added value for the company by employing modern approaches and advanced technologies. Ultimately, these actions will help enhance performance and promote the sustainable growth of companies.

To achieve these goals, it is essential for companies to design and implement continuous and comprehensive training programs to strengthen the professional competencies of their accountants. These programs should focus on new topics and emerging technologies such as artificial intelligence, big data analytics, and advanced financial reporting techniques. Familiarity with these tools and knowledge will enable accountants to effectively apply them in daily activities, enhancing financial management efficiency and strategic decision-making within the company.

In addition to training, companies should regularly assess and monitor the performance of their accountants. These evaluations may include reviewing innovative skills, financial reporting quality, and their impact on overall company performance. Continuous monitoring of accountants' performance ensures sustained productivity and ensures efficiency in financial management, helping companies stay on the path of growth and development. Furthermore, it is suggested that future studies examine the mediating role of environmental and cultural factors in the relationship between innovative accountants' competencies and the growth and image of companies. Given that environmental and cultural factors can play an important role in the execution of management and financial processes, studying these variables could contribute to a better understanding of the impact of accounting innovations on the success of companies across various industries.

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