A Study on the Effectiveness of the Risk System of the Accounting and Financial Reporting System in Oman Towers Company

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ABSTRACT

An accounting system is a collection of procedures and documents a business uses to carry out transactions and keep tabs on its accounts. Such a system performs various tasks, including identifying, integrating, processing, computing, categorising, recording, summarising, and reporting. Accounting systems assist firms in increasing productivity, reducing operational costs, and making better long-term and immediate decisions in Oman Tower Company. This study analyses the accounting and reporting system risks and how to handle them effectively and boost operational efficiency. Risk assessment guidelines unambiguously state that management identifies, manages, and discloses risks. The study aims to understand better the risks attached to the architecture of accounting systems and the elements of the internal control system. Moreover, this study examines the hazards connected to the design and analysis of accounting systems. Furthermore, the study will investigate how accounting systems help businesses monitor and control financial activities in the company. The survey approach based on questionnaires and interviews was employed as the original study methodology. Frequency and percentage, correlations, and regression analysis were used to examine the data. The data that was gathered was analysed using Microsoft Excel. The interview data were analysed using thematic analysis. The findings showed that the present system and the business's financial success positively correlate. When a financial plan is most effective, borrowers incur the fewest capital-raising expenses, and buyers get the best dangerous returns from their investments. Economic resources are allocated to the most profitable ventures in an efficient banking market. The findings of this investigation led to many suggestions. The firm that wishes to ensure sufficient data protection was advised to recognise and implement the necessity for extensive risk assessments and analyses. The risks the financial reporting facilities face can be broken down into three categories: dangers, which are defined as actions or occurrences (generally from the outside system under evaluation) that can jeopardise the security of any system, and consequences, which are defined as short, medium, or long-term harm or implications for the organisation.

Introduction

Background of the Study

Understanding risks in the area of financial accounting is one of the most crucial things to do to handle or prevent them. This ensures the correctness of all processes and aids in developing the most effective accounting system. Additionally, a sound accounting system contributes to the confidence of investors. It seeks to discover the potential effects of producing an account to draw more money and create a plan with the fewest probable flaws. Moreover, potential risks associated with accrual analysis must be understood to be resolved or prevented. This encourages the development of the most sophisticated and feasible accounting system, ensuring the correct execution of all operations.

Rationale/Need of the Study

The development of stock prices is influenced by the proper design of a financial statement (Soin & Collier, 2013, p.10). "The possible risks of constructing an accrual accounting is to draw in more investors and develop a workable plan with the lowest mistakes. Additionally, acknowledging the numerous hazards, such as operational, strategic, financial, regulatory, and reputation concerns, may expand the conversation and help others understand why caution should be used while creating a chart of accounts. (Soin & Collier, 2013, p.11).

The survey presented to the Oman Towers Company was the basis for the survey approach that will be utilised to collect data and data for this research. Frequency distribution, correlations, and regression analysis were used to examine the data. Google Forms were used by the statistics application to analyse the gathered data. The study examined the open questions using descriptive and explanation approaches.

Research Objectives

- To identify and evaluate the risks of the current system used in the accounting and finance department.
- To analyse and test the impacts of the current risk management system utilised in the finance department on the company's overall financial performance.
- To identify and evaluate effective risk management systems and solutions to be implemented in the company to sustain data security.

Research Questions

- What are the current risks faced by the accounting and finance departments of the company?
- How does the current risk management system impact the company's financial performance?
- What modern can risk management systems be implemented to improve the company's financial status and sustain data security?

Literature Review and Analysis of Related Work

Many topics and ideas linked to risk in a company's financial department system will be examined in this section. The literature and articles with information from multiple authors with different views on the risks in the design of the finance department will be covered in this review. Their effectiveness in preventing the risk to the company's financial performance will also be reviewed.

Big Data Opportunities for Accounting and Finance Practice and Research

This study provides a systematic overview of the literature on big data in accounting and finance from 2007 to 2016. A conceptual matrix is used to locate unexplored research opportunities (Cockcroft, S., & Russell, M. 2018). We look at how "Big data" might be used for further study in accounting and finance. The study aims to (1) summarise the academic literature on big data in information systems, accounting, and finance and (2) identify promising avenues for further study in these fields. This study seeks to answer the following question: What are the most prominent strands of previous research in big data analytics data, and where are the ensuing holes in the accounting and finance literature? Forty-seven periodicals covering accounting, finance, and IS from 2007-2016 are reviewed in this article. We locate and survey the appropriate literature to develop an idea classification system. The ideas from taxonomy are used to create a conceptual matrix that maps out where the themes arise and where new avenues of inquiry might be explored.

Six overarching topics have emerged from existing literature on big data in accounting, finance, and IT. Risk and security, data visualisation and predictive analytics, data management, and data quality are the six under-researched aspects of big data in accounting and finance. The more study is done in these areas, and the better the industrial practices become, and the more possibilities for interdisciplinary research. Moreover, the location of big data has paid much attention to trust and reputation models in the service industry. Banks and other financial firms also see great value in consumer analytics. Detecting fraud and analysing trading signals are two different research foci. Data privacy and security, data visualisation, predictive analytics, data management, and data quality are the six areas of big data in finance and accounting that have received little attention.

On The Convergence of Management Accounting and Financial Accounting – The Role of Information Technology in Accounting Change

In this article, we theorise and conceptualise the recent convergence of management accounting (MA) and financial accounting (FA) with the advancements in information technology (IT). We explain not only how this convergence manifests itself in the technical and technological domain but also how it is reflected in the convergence of these disciplines at the behavioural and organisational levels (Taipaleenmäki, J., & Ikäheimo, S. 2013). We provide a conceptual framework to examine this convergence, drawing on the analytical model of Hemmer and Labro (2008), which posits that the prospective nature of FA leads to forthcoming MA. In this view, IT plays a crucial role in converging MA and FA by acting as a catalyst, motivator, or enabler. We also contend that Hemmer and Labro's definition of convergence is too narrow. It starts with the technical and technological realm, including the deliberate combination of methods or standards and the intentional integration of information systems and software. Then it moves to the behavioural and organisational realm, including the (un)intentional alignment of functions and processes and the (un) deliberate convergence of work and roles. Examples show how this conceptual framework might be used in practice. (Taipaleenmäki, J., & Ikäheimo, S. 2013).

We provide examples of the effects and manifestations of convergence in the technical and technological domains (accounting standards, discretionary reporting, performance measurement, transfer pricing, competitor, customer, and contractor analysis, and due diligence in M&As) and the behavioural and organisational domains (accounting processes, work and the role of accountants, incentive systems, accounting and control in mul Our findings suggest that convergence in the technical and technological area seems to precede convergence in the behavioural and organisational domain and that the forward-looking FA aspects are frequently linked with MA. Most of our findings suggest that IT is critical in this convergence. Based on these convergence findings, we propose numerous new lines of inquiry.

The Causal Nexus between Financial Development and Economic Growth in Kenya

This study investigates the relationship between financial development and economic growth in Kenya from 1971 to 2011. Due to the importance of the financial sector in the mobilisation and distribution of funds for constructive initiatives, the fundamental issue of this investigation is crucial for emerging economies. The analysis is predicated on a Cobb-Douglas model augmented by incorporating economic progress. This work employs simulation-based ARDL bounds testing and the regression co-integrating techniques of Gregory and Hansen. In addition, a structural fracture in 1992 reveals a correlation between the incidents. In addition, it is demonstrated that the development of the financial sector has positive long-term effects on the economy. Herein lays a crucial policy consequence for Kenyans: they must prioritise economic growth to stimulate economic expansion. Uddin, G. S., Sjo, B., & Shahbaz, M. (2013)

Process-Aware Accounting Information System Based on Business Process Management

Management accounting informatisation founded on shared financial services should be fostered to ensure its development, breadth, and optimum growth. This research not only elucidates the BPM system but also analyses the accounting information system of business process management from the perspective of process perception and demonstrates via a case study how this line of inquiry may contribute to the field of accounting data systems. Additionally, this research presents a case analysis methodology grounded on the challenges, optimisation strategy, and optimisation effect of JKJT accounting informatisation in a metropolitan area. By bolstering the training of management creative accounting application of the information skills and other optimum control methods, it is claimed that the four ideal control impacts of JKJT financial reporting informatisation may be accomplished. Li, F., & Fang, G. (2022) list many of these steps, among them the consolidation of people positions and duties, rigorous deployment of the system, modification of the cost accounting approach, and modification of the four optimisation impacts.

Impact of Strategic and operational risk management practices on firm performance:

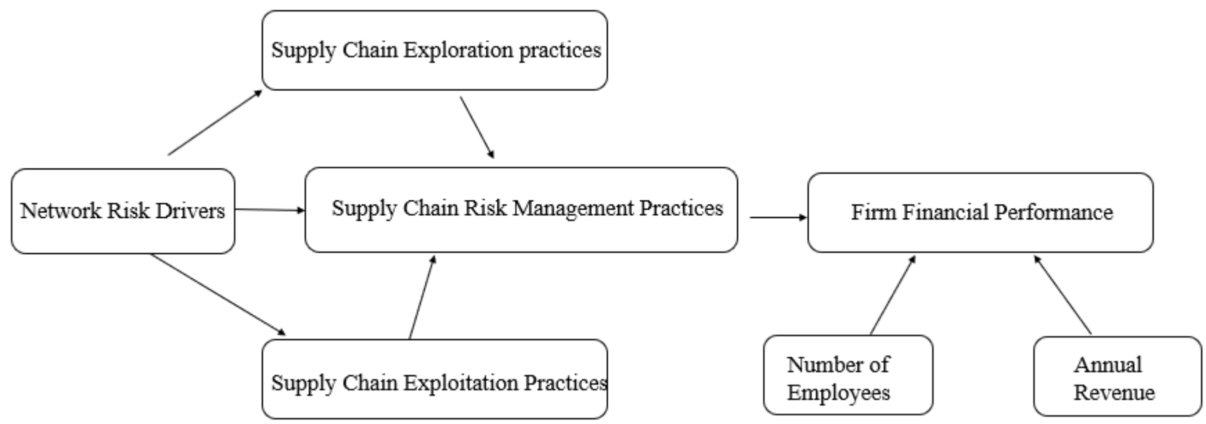

Figure 1. Impact of Strategic and operational risk management practices on firm performance

The initial framework demonstrates that the inverse relationship between exploration, production methods, and network risks reflects the significance of prudent rather than excessively aggressive responses in confronting network risks. According to network theory, network efficiency is determined by the character of participation instead of the number of activities (Hkansson & Snehota, 2006; Zain & Ng, 2007). The data demonstrates that businesses do not increase risk mitigation efforts when risk indicators increase. In addition, since there is a direct correlation between network risk management practices and financial performance and a negative correlation between specific risks and risk factors, it is crucial to define network risk drivers to mitigate their substantial influence on firm performance. On the other hand, supplier management procedures merit adequate resource allocation due to their undeniable positive effects on achievement.

To achieve the first goal, it is essential to conduct a thorough risk assessment of the accounting and finance divisions of the organisation. To do this effectively, I believe it is necessary to examine how money flows through the firm and what external and internal factors can pose a risk to its financial stability.

To achieve the second goal, it is essential to assess the impact of the current risk management strategy on financial results. A reliable risk management system should lessen the likelihood of monetary losses while enabling the company to take measured risks that boost profits. Therefore, the success of a risk management system can be gauged by its efficiency in detecting, evaluating, and eliminating threats to the organisation's bottom line.

Regarding the third goal, up-to-date risk management solutions may assist in increasing profitability and maintaining data integrity. Artificial intelligence and machine learning are two examples of cutting-edge technology

that may help businesses detect and counteract financial threats in real-time. Further, robust data security measures like encryption and two-factor authentication can protect sensitive financial information from unauthorised access.
In conclusion, improving a company's financial performance and data security requires recognising present risks, assessing the efficacy of the current risk management system, and installing new risk management methods.

Research Methodology

The research methodology utilised in this report is primary and secondary, representing both qualitative and quantitative results to support the theoretical and numerical discussion. The research methods for primary resources is observation, interviews and questionnaire, while secondary resources will be based on previous and current research to provide real-based evidence.

Quantitative research looks at figures and analyses them using statistical methodology. The findings are mathematical, whereas qualitatively, the study's data are derived via other means and are separated into two categories clarification and specifics. Depending on the nature and goals of the study, it is also feasible to blend the two forms of research into a hybrid method that integrates both qualitative investigations.

It is the strategy that the researcher will use while planning the investigation to address the inquiries intended to accomplish the study's objectives. The actions the researcher takes from the start of his research to the point where the data processing, which is the sequence the investigator will follow to answer the research questions that the study refers to, are included in qualitative research (Odoh and Chinedum 2014). An exploratory and descriptive research approach will be used to explain and investigate the study's findings and the influence of limited funding on the Oman System Company's hazards system. Also, Different research design methodologies are used depending on the data gathered and how it is processed. This data can be collected through questionnaires, interviews, or surveys conducted over the phone or by mail. Quantitative and primary analysis are both acceptable. Depending on the specific methodology and goal of the research, the question questions may change. (Odoh and Chinedum. 2004).
The study utilised mixed-methods research, which combines quantitative and qualitative methodologies and quantitative and qualitative data. When integrating qualitative and quantitative data, the investigator can get a broader and more thorough knowledge of the subject (Creswell and Creswell, 2018). In addition, As the researcher will combine qualitative and statistical methodologies, quantitative and qualitative methods will be used in this study. By designing a survey with a series of questions where opinions are dealt with numerically and then examined using quantitative tools, quantitative data will be gathered through polling data. Interviews will be used for qualitative research, collecting data via description.

It speaks about the methods the employee agrees to gather data that will help to forward the objectives of the investigation and establish the facts that the scientist is seeking (Mugenda 2003). Both primary and secondary data were used in this study. The questionnaire given to participants had both closed- and open-ended topics used to gather preliminary data, which is material obtained from the firm. Moreover, the questions are structured so that the investigator may suppose the most information possible by connecting the responses and concluding. Regarding the second instrument that was utilised to get the secondary data, that instrument was the interview. Through the question-and-answer session, there will be more chances for in-depth explanations and precise elaboration to illuminate the link between the elements. Secondary data has been collected by looking through the literature and connecting the primary information gained directly from the firm with the data presented there.

Findings

The main findings from the research methods indicate the enormous Contribution of the Oman Tower Company workers towards enhancing the financial performance of the company and the enthusiasm to cope with the dynamic market and change to implement advanced risk management systems to improve the company performance and sustain their cash flow. Besides, the results show a lack of training and slow implementation of modern systems, which increases the security risk of the company's financial data and accuracy. Moreover, the visible relationship between the company's workers enhances motivation and exceptional work performance to increase profit and reduce the chance of errors and risks. Also, the company focuses on balancing between experts in the field and youth energy to enhance employment, bring innovation to solve the issues and risks in the accounting and finance department and encourage communication between other departments for synchronisation.

Conclusion

The study found that the seven approaches for risk in the system in Oman towers firm utilised varied. While all strategies influence the firm's financial performance in some manner, there is a variation in their effect on the firm's economic performance. The corporation has strongly advocated variance analysis methodologies and standard costing. The approaches of modifying money and planning expenses have received little support.

Because a sound system is regarded as one of the most important influencers on a corporate accounting success, the company must expend significant effort to build and enhance the communication skills process and educate staff on improving performance. Firms must utilise financial management strategies that, due to their efficacy, contribute significantly to strengthening a company's financial performance. This study also suggests that economic and organisational management in businesses continue to prepare budgets, guaranteeing that issues are predicted and suitable decisions are made to avert them. Allow internal control to find and promptly control financial gaps and discrepancies. Moreover, it provides long-term accounting system solutions, such as an ERP system, to improve finance operations. In addition, The Fourth Objective: The Oman Vision 2040 will also assist in redesigning the accounting and financial systems.

Future Study

Despite all the challenges the researcher encountered, she persisted and completed the study correctly and according to plan. The study has been divided into pieces that can be finished in a record amount of time. To shed light on the financial departments in the financial sector and how these departments reflect the balance between the financial situation of the health sector and that which satisfies the patient and provides him with the service he needs during his treatment, the researcher decided to represent the financial sector in his studies. A thorough evaluation and investigation were undertaken before choosing the issue and the firm. His research did not reveal many options in the health industry. To illustrate how the finance department contributes to the company's performance and empowers stakeholders to make crucial decisions, the researchers focused on the health industry.

The following (ERP) findings may be drawn from an analysis of the research data. Implementing modern information systems enables the integrated accounting transition, which is especially crucial in the circumstances of the structural changes unique to the shift to the digital economy. Implementing modern information systems is essential to resolving structural contradictions striking developing nations' economies. These contradictions include the population's low adoption of information technology, the unfavourable environment for the growth of IT infrastructure, the business and government sectors' low levels of readiness, and the weak impact of information technology on the social and economic spheres. Moreover, one of the modern information systems is the ERP system, which enables businesses to connect all business activities, handle reporting and information analysis more rapidly, and provide information in real-time. Through data integration, ERP systems create a consistent standard for managing information flow. By thoroughly explaining the organisational procedures and timely information to the company's functional subdivisions, they guarantee the transparency of information utilisation. Due to these factors, multinational corporations with their worldwide business operations effectively use ERP systems, ensuring flawless control over the dispersed manufacturing and service subdivisions.

By 2040 Oman's vision will lead to a private sector and the willingness to build a favourable business climate. The competitive and energising create economic growth for process balanced a more give will market capital. Sectors that grow to order in industry private for environments medium and small in particular, ways innovative through projects productive finance to depth youth Omani for opportunities employment generate that entrepreneurship Sultanate that advantages several of use will provide sector private the by lead economy competitive.

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