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THE SIGNIFICANCE OF CLOUD ACCOUNTING IMPLEMENTING AND ITS INFLUENCE ON ENHANCING THE QUALITY OF FINANCIAL REPORTING: EVIDENCE FROM EMERGING MARKETS

ABSTRACT

The present study seeks to elucidate the significant impact of cloud accounting technologies as a type of innovation in information technology and its contribution to enhancing the financial reporting standard within the scope of international standards. To reach the objectives of this study and look at hypotheses through a descriptive and analytical lens, it is necessary to look at previous research and use it to make a questionnaire that shows how important it is to use cloud accounting techniques to improve the quality of financial reporting. The system comprises two axes, and the total number of questions reached 26. The distribution was conducted among a subset of employees in publicly traded corporations. 118 participants were included in the study conducted on the Iraqi Stock Exchange. The hypotheses were examined using descriptive statistics, the Pearson correlation matrix, and the structural equation modelling technique with the statistical software SPSS version 26. The findings demonstrated a statistically significant influence of cloud accounting, namely at a rate of 26.6%, on attaining high-quality financial reporting. It became evident that the future of cloud accounting in Iraq would be remarkable if the government and all companies made every effort to overcome the challenges and barriers that hinder its implementation, thereby significantly enhancing the generation of high-quality financial statements aligned with international financial reporting standards.

Keywords: cloud computing, information technology, cloud accounting, quality of financial reporting, emerging markets

JEL Classification: C8, M4, D8

INTRODUCTION

The advancement of technology has had a substantial influence on the accounting field. By the close of the twentieth century, computer software and accounting programs revolutionized the accounting field. Programs like Microsoft Excel enabled accountants to generate electronic financial reports, eliminating the necessity for physical accounting documents and records. Accountants can efficiently generate financial reports and forecast analyses using computer software. Currently, most organizations employ online accounting methods to carry out their operations via electronic communication.

When financial accounting ideas are identified and quantified, they attempt to help people understand that cloud computing is a technology that enhances efficiency and substantially lowers expenses, reducing operating costs. Companies utilize cloud computing in accounting information systems to offer a diverse range of accounting services to their clients. One of the latest technological developments affecting companies and their accounting services is called cloud accounting (the name represents the cloud symbol used in flow charts), which refers to the use of the Internet to deliver software and applications and use them instead of servers or personal computers based on the company's location.

Utilize accounting information to make intelligent judgments. These decisions are made based on the crucial and valuable attributes of the information, including its appropriateness, accuracy, comparability, comprehensibility, neutrality, absence of errors, and timely availability. The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB), as representatives of all accounting industry regulators, collaborated to improve the quality of financial reporting and its relevance for the decision-making of creditors and investors following the global financial crisis of 2008 (Marcus & Stephanie, 2019). Cloud accounting is a recent technological advancement that offers businesses of various sizes novel options and problems (Sharon & Kobus, 2019). It has facilitated the creation and enhancement of new company strategies. One of the most current tendencies in data advancement is cloud-based frameworks, going from traditional accounting to cloud accounting (Moudud et al., 2020).

The rapidly advancing cloud accounting has been hailed as an auspicious advancement in information technology (IT) that has the potential to transform the delivery of IT solutions to organizations fundamentally. Cloud accounting possesses distinct attributes, like swift adaptability, self-service availability, and resource consolidation, that differentiate it from conventional business IT solutions. These features can be effectively utilized across many organizational and functional operations (Yuan et al., 2020).

Some of the evaluated research focused on explaining its importance from a theoretical point of view by addressing what they observed, such as the study by (Sharon & Kobus, 2019), which dealt with implementing cloud accounting software in small and medium-sized African firms. The results demonstrated a high familiarity with this software and indicated that this organization is adaptable and proficient in implementing cloud accounting technology. The study by (Alexandre et al., 2019) sought to ascertain the attributes of the accounting process by examining the perspectives of external users of accounting information. The study specifically compared the characteristics of cloud accounting users with those who do not while addressing other relevant factors. The study conducted by (Moudud et al., 2020) examined the vital role of cloud computing in accounting Information systems. In contrast, the study conducted by (Daisy et al., 2020) specifically addressed the significant risks associated with cloud accounting. These risks include the availability and stability of technology, the reliability and security of data, and the organization's dependence on cloud accounting service providers and other factors. These hazards are not limited to the accounting process but also encompass another set of dangers related to cloud computing. The research conducted by (Wahhab et al., 2021) examined the influence of cloud-based accounting software on accounting and internal auditing in Iraqi organizations of varying sizes, including small, medium, and large enterprises. The researchers determined that the proficiency of Iraqi internal auditors in electronic accounting systems is crucial, and Iraqi enterprises require more fundamental elements to implement accounting practices effectively. The study by (Akpan et al., 2023) demonstrates that cloud accounting technology has a noteworthy and beneficial effect on data storage. The research involved 400 participants from Nigerian firms.

LITERATURE REVIEW

Given the stated issue, we will review the relevant literature on general cloud computing and cloud accounting. Additionally, we will assess the financial reporting standard within cloud accounting, as outlined below: platform as a service (PaaS), and software as a service (SaaS). SaaS stands for Software as a Service.

The notion of cloud computing

Cloud computing is a significant and cutting-edge technological achievement in information technology. Cloud computing offers diverse businesses and institutions novel prospects and complexities, including the ability to store data backups through customer-facing email and online apps and other services (Sharon & Kobus (2019)). The various definitions of cloud computing arise from its wide range of applications. (Wang et al., 2010) define it as a collection of network-based services accessed through the Internet. Its purpose is to offer a scalable and cost-effective infrastructure that provides on-demand access to high-quality resources conveniently and widely. The National Institute of Standards and Technology (NIST) provides a comprehensive definition of cloud computing. According to NIST, cloud computing is a model that enables continuous and convenient access to a collection of elements. The network allows the sharing of computer resources (such as networks, servers, storage units, applications, and services) on demand. These resources can be deployed and provided rapidly, with minimal effort from management or engagement with the service provider. The study was conducted by (Younghoon et al., 2018).

Cloud design models in cloud computing exhibit variations based on the type and technique of availability. These models are categorized into four groups, each aiming to deliver clients cloud services. Cloud computing services are developed and implemented using the public cloud model. This cloud variant typically resides within the confines of the organization.

The services are automatically given to the beneficiaries to provide access via the local network and the Internet. The second category is the private cloud, which refers to a commercial service offered by a service provider to several clients who are geographically distant from the provider. It is a method to reduce expenses, save time, and minimize exertion. The third category is the shared cloud, in which cloud computing services are shared among a collective of organizations with a common objective or geographical scope. Lastly, the hybrid cloud merges the attributes of private and public clouds, allowing an organization to have a private cloud to provide specific services to beneficiaries. Simultaneously, they employ public cloud solutions to safeguard additional services (Hemlata & R, 2015).

(Sharon & Kobus, 2019) Classify cloud computing technology services into three main categories: infrastructure as a service (IaaS).

The concept of cloud accounting

Cloud accounting is a critical utilization of cloud computing. The objective of this system is to handle financial data using cloud technology. It facilitates the transfer, installation, processing, and storage of financial data and information for accounting systems and services. This is done by moving the data from the organization's internal servers to remote servers for users of cloud services (Daisy et al., 2020). The figure presented below illustrates the functioning of cloud accounting.

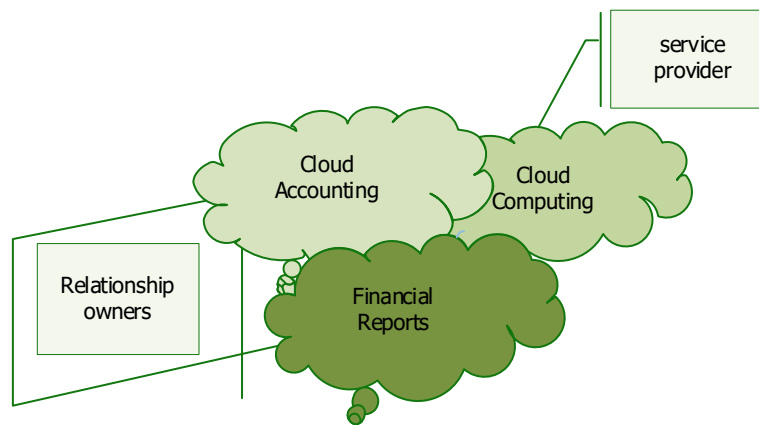


Figure 1. Functioning of cloud accounting.

Cloud accounting offers extensive advantages for both private and public sector businesses, and any organization can experience these benefits by utilizing cloud accounting services. The primary advantages include cost reduction, simplified implementation, increased flexibility, and time efficiency, and attaining maximum potential in information technology. The key factors to consider are data accessibility, user-friendly interface, transparent representation, pertinence, quantifiability, comparability, unbounded data backup, user comprehension, bolstering data security and secrecy, expediting decision-making, and augmenting corporate performance. The study was conducted by (Moudud et al., 2020). Cloud computing offers numerous benefits but carries certain technological, organizational, and environmental risks. These risks include the stability and availability of Internet technology, the stability and availability of the cloud service, data security and confidentiality, compatibility issues with hardware and software, data loss, system maintenance, and data backup. Other risks include employees and information that can be used to attain this goal. Hence, these attributes of accounting information, as provided in financial reports, might enhance the calibre of these reports, and consequently aid in attaining their objective. Consequently, it is imperative to investigate how the accounting data resistance to change, lack of support from senior management, insufficiently qualified technical and human personnel to effectively utilize these technologies, organization size, and characteristics, environmental and financial data reliability, legal compliance, data location, and data ownership (Daisy & colleagues, 2020).

Quality of Financial Reporting

The quality of financial reporting, especially in emerging capital markets, has become a subject of increasing study interest due to its essential role in economic activities. Nevertheless, there is a need for a more comprehensive understanding of the factors that influence the quality of financial reporting in the existing accounting literature, as the definition of quality in accounting is subject to variation. Diverse accounting environments and legislation in various regions significantly contribute to the disparities in the quality of financial reporting.

As per the consensus among accounting researchers, "quality of financial reporting" pertains to financial reports that exhibit greater objectivity, comprehensiveness, and accuracy. These reports offer valuable information for predicting or confirming the company's fundamental economic condition and performance (Golmohammadi et al., 2020). Fitriati asserts that information outcomes possess characteristics that can enhance their value to decision-makers. Such information can mitigate uncertainty and enhance decision-making by ensuring accuracy, reliability, and error-free outcomes. Additionally, it promotes impartiality and promptness (Fitriati et al., 2017).

It is crucial to provide such information to attain the intended objective of the financial reporting process, which is to produce top-notch reports that aid users in making economic decisions. This is because it will positively influence all relevant parties, improving the capital market's efficiency. Hence, ensuring high-quality financial reporting involves several sequential steps, with the quality of each stage being interdependent on the others. Figure 2 (Jones & Blanchet, 2002) presents a model that illustrates the many steps of the financial reporting process for ensuring high-quality standards.

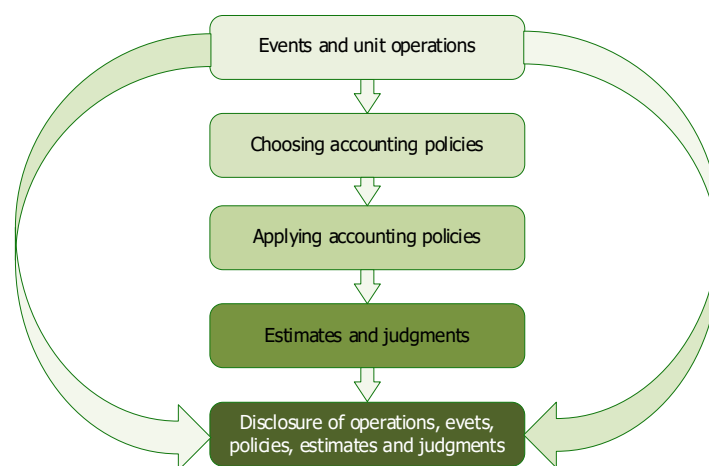


Figure 2. Model of stages of quality financial reporting.

The quality of financial reporting is determined by the degree to which it can provide the most tremendous benefits to specific users. The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) have established a conceptual framework that outlines a set of qualitative qualities in financial reports and can assess the presence of each attribute to gauge the quality of financial reporting through the qualitative features approach. (Cuong & Ly, 2017) exemplify the attributes that provide financial reports that are valuable and of superior calibre to users of accounting information, such as investors and creditors. (Behzad et al., 2016) The conceptual framework for financial accounting is categorized into two distinct groupings. The initial category comprises essential qualitative attributes: suitability and faithful representation. The subsequent category encompasses the augmenting attributes that reinforce the comprehensive qualitative characteristics, such as comparability, verifiability, timeliness, and understandability.

The quality of accounting standards is directly correlated with generating informative data that aids in decision-making. Hence, its representation lies in its capacity to generate dependable financial data that can be trusted for decision-making. The system should also facilitate the uniform utilization of accounting information, allowing for comparisons between different periods and units (Sandra & Sotirios, 2017).

As (Collins et al., 2012) stated, the SFAC.1 set of ideas specifies that financial reports should furnish details regarding the entity's financial performance over a given period. The quality of profits is decided by analyzing the significance of this list, which involves providing detailed information about the financial performance characteristics of the unit to generate high-quality profits pertinent to choices made by users in the study (Dechow et al., 2010).

Cloud computing accounting and the quality of financial reporting

Cloud computing enables enterprises to access and view financial reports and information from any location and anytime using the internet rather than relying on a personal computer. (Daisy & colleagues, 2020) Cloud accounting software distinguishes itself from traditional accounting software by allowing access to programs remotely through internet connectivity. This feature leads to cost reduction and scalability, as the software can be implemented swiftly without requiring installation on the user's computer (Sharon & Kobus, (2019), and the empirical findings of Oneshko et al.'s study validate the unequivocal beneficial influence of artificial intelligence on the precision of reports (Oneshko et al., 2023). It is noteworthy that cloud computing, blockchain technology, big data, artificial intelligence (AI), machine learning (ML), and the

Internet of Things (IoT) are also significant factors in this context. These technologies can significantly influence accounting and auditing procedures by enabling automation and efficient data analysis, enhancing decision-making (Shapovalova et al., 2023).

When examining past literature on cloud accounting software derived from the cloud, it becomes evident that cloud computing is advantageous for economic entities. This is because using advanced cloud accounting software results in improved financial reports, which are more structured. Cloud accounting allows institutions or associations to access their information through an online server provided by the cloud supplier. Cloud accounting signifies a shift from the conventional bookkeeping procedure to the customary approach of managing information and organizing electronic data. This platform offers numerous features that allow users to get high-quality financial information. Utilizing cloud accounting aids in cost reduction, which is a critical factor in determining the qualitative attributes of accounting information. This is accomplished using the subsequent figure:

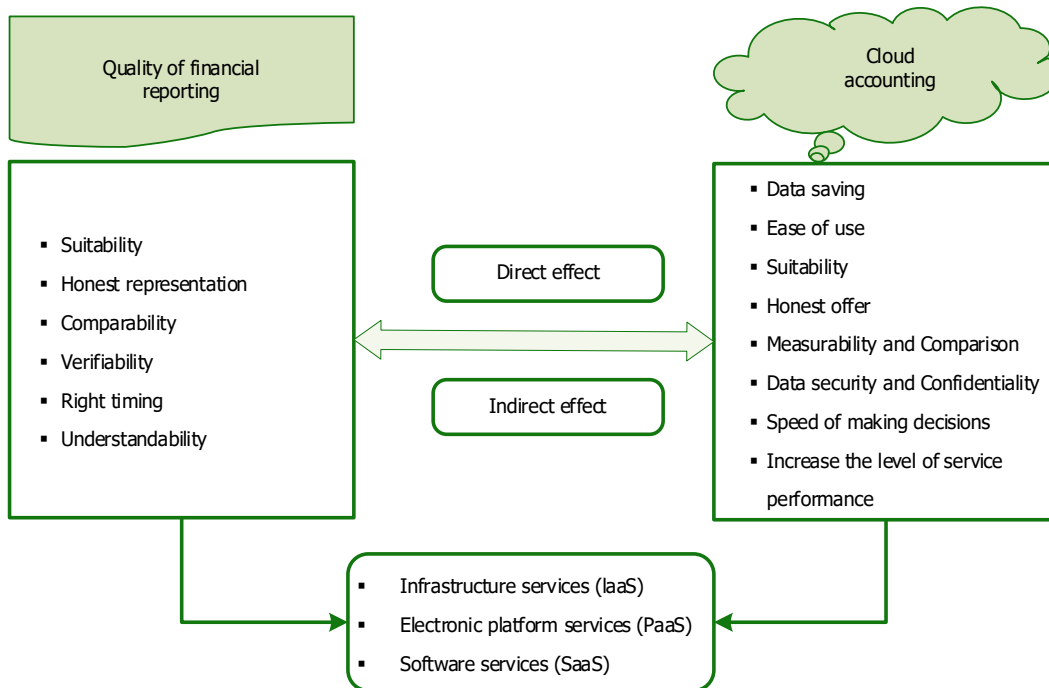


Figure 3. Cloud accounting and financial reporting quality.

The previous figure demonstrates that both cloud accounting software and the quality of financial reporting rely on qualitative characteristics in the data. These characteristics are necessary to maximize the informational benefits that aid users in making quick decisions and enhance organizational performance. Furthermore, each focuses on integrity in conveying information, which sets apart performance reports and the outcomes of the organization's efforts. Cloud computing techniques and pillars indirectly enhance the quality of financial reporting by enhancing the qualitative aspects of accounting information in cloud accounting software. Conversely, the quality of financial reporting directly impacts cloud accounting software through feedback mechanisms. To address subpar outcomes in financial reports, examining the data's characteristics and the integrity and impartiality of the analysis and processing techniques is imperative.

AIMS AND OBJECTIVES

This study aims to determine the feasibility of adopting cloud accounting in the specific context of Iraq and its importance for large enterprises. Furthermore, it aims to assess the influence of cloud accounting applications on the accuracy and reliability of financial reporting.

METHODS

The study sample comprises accountants, internal auditors, and information technology personnel in Iraqi companies listed on the Iraqi Stock Exchange. A sample of 118 individuals was randomly selected to participate in the exam. The test is

based on a questionnaire that is divided into two pieces. The first section identifies deficiencies in the current accounting system and consists of 12 questions. The second segment focuses on assessing the significance of implementing cloud accounting and its influence on the accuracy and reliability of financial reporting. This component comprises 14 questions. The data was analyzed using statistical techniques available in the statistical software SPSS 26, AMOS 26. These methods, including the Cro-Nebach alpha coefficient and descriptive statistics such as the arithmetic mean and standard deviation, were employed to obtain precise results that can contribute to attaining the intended objective. In addition to the correlation coefficient, the coefficient of simple linear regression and the structural modelling equation (SEM) are used for hypothesis testing.

The study Problem

This study seeks to address the existing void in Arab literature by investigating the applicability of cloud accounting and its impact on enhancing the standard of financial reporting within the Iraqi context. This study intends to solve the following study question: *Does a correlation exist between cloud accounting apps and the standards for financial reporting quality?*

The hypotheses:

To address the research issues and accomplish the study's goals, the study hypotheses can be created to establish the correlation between cloud accounting and the standard of financial reporting. The hypotheses are as follows:

H1: A significant statistical correlation exists between the utilization of cloud accounting and the Quality of financial reporting.

H0: No statistical correlation exists between the utilization of cloud accounting and the Quality of financial reporting.

RESULTS

Testing for normal distribution of study variables

An economic unit's accounting system comprises interconnected components collaborating to accomplish a defined objective. The objective of the accounting system is to generate financial information that meets the expectations and needs of the users of the financial statements. Efficiently delivering relevant information to assist the user in making timely judgments is essential. Cloud computing provides quality financial reporting of economic units, influenced by several procedures. The current traditional accounting system used in most Iraqi companies fails to achieve an accurate and transparent representation of financial information, thus lacking high-quality financial reporting. This system has yet to be adapted to the changes in the modern business environment, resulting in the emergence of complex transactions.

The results of the standard distribution test for the study variables are shown in Table 1. The cloud accounting variable F1, which includes 12 items, and the financial reporting quality variable F2, which has a scale of 14 items, are represented. The results indicated that the critical ratio values fall within the appropriate range, specifically between 1.96 and 1.96. The study sample data for cloud accounting variables and the quality of financial reporting exhibits a normal distribution without any skewness issues. This corroborates the notion that the data of the study variables was derived from a population with a normal distribution.

Table 1. Normal distribution of study variables.

| Variable | Min | Max | Skew | C.R. | kurtosis | C.R. |
|----------|-------|-------|-------|-------|----------|-------|
| F1 | 2.750 | 5.000 | -.262 | -.894 | .062 | .105 |
| F2 | 2.167 | 5.000 | -.061 | -.209 | -.186 | -.317 |

Validity of the study scale. It includes the following paragraphs

The study scale was given to a committee of accounting specialists to assess its apparent validity and potential for adoption. The experts' perspectives underwent several essential revisions to ensure the questionnaire reached its final version, enabling them to provide their thoughts. Factor analysis is a suitable method for determining content validity in any research regarding constructive validity. Additionally, it serves as a component of the structural equation model, a frequently employed approach in social science research, constituting one of its primary advantages. The cloud accounting variable was measured using a set of 12 items, depicted in Figure 4 and Table 2 below.

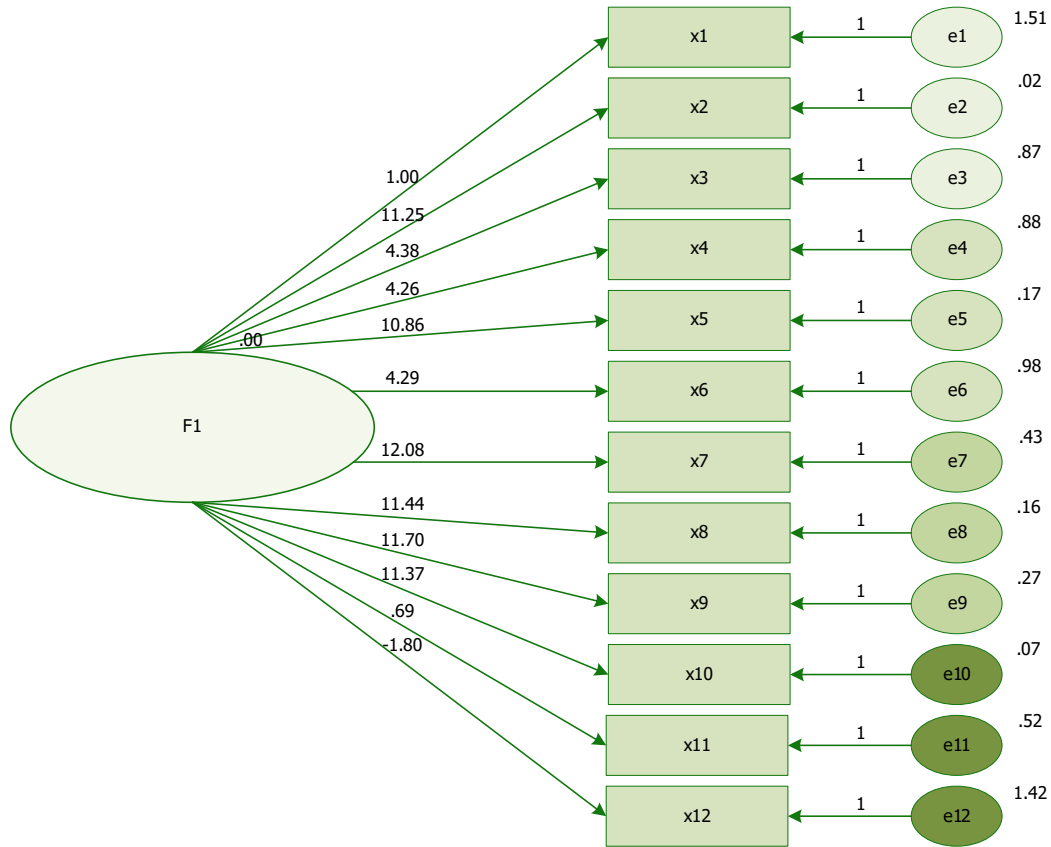


Figure 4. Structural equation model (factor analysis) for the cloud accounting variable.

The validity of the questionnaire questions may be assessed based on the figure provided. The value of the items is more significant than 0.40, indicating a strong connection between the latent variables and each item on the scale. This suggests that all indicators of the quality of fit for the cloud accounting variable are favourable.

Table 2. The Indications of goodness-of-fit for the variable of cloud accounting.

| | | | Estimate | S.E. | C.R. | P |
|-----|------|----|----------|--------|-------|------|
| X1 | <--- | F1 | 1.000 | | | |
| X2 | <--- | F1 | 11.246 | 19.402 | .580 | .562 |
| X3 | <--- | F1 | 4.576 | 8.003 | .572 | .567 |
| X4 | <--- | F1 | 4.256 | 7.460 | .571 | .568 |
| X5 | <--- | F1 | 10.858 | 18.741 | .579 | .562 |
| X6 | <--- | F1 | 4.289 | 7.528 | .570 | .569 |
| X7 | <--- | F1 | 12.076 | 20.854 | .579 | .563 |
| X8 | <--- | F1 | 11.439 | 19.742 | .579 | .562 |
| X9 | <--- | F1 | 11.698 | 20.195 | .579 | .562 |
| X10 | <--- | F1 | 11.375 | 19.627 | .580 | .562 |
| X11 | <--- | F1 | -.692 | 1.565 | -.442 | .658 |
| X12 | <--- | F1 | -1.803 | 3.532 | -.511 | .610 |

Table 2 provides a means to assess the validity of the questionnaire items. The estimated value, displayed in the table, is more significant than 0.40. This value establishes a connection between the latent variables and each item on the scale. The table also indicates that all fit indicators for the cloud accounting and quality variables were measured through factor analysis. The statement's credibility can be assessed in financial reporting by examining the value of its 14 components and Figure 5. The figure indicates that a value greater than 0.40, which connects the latent variables with each item on the scale, is significant.

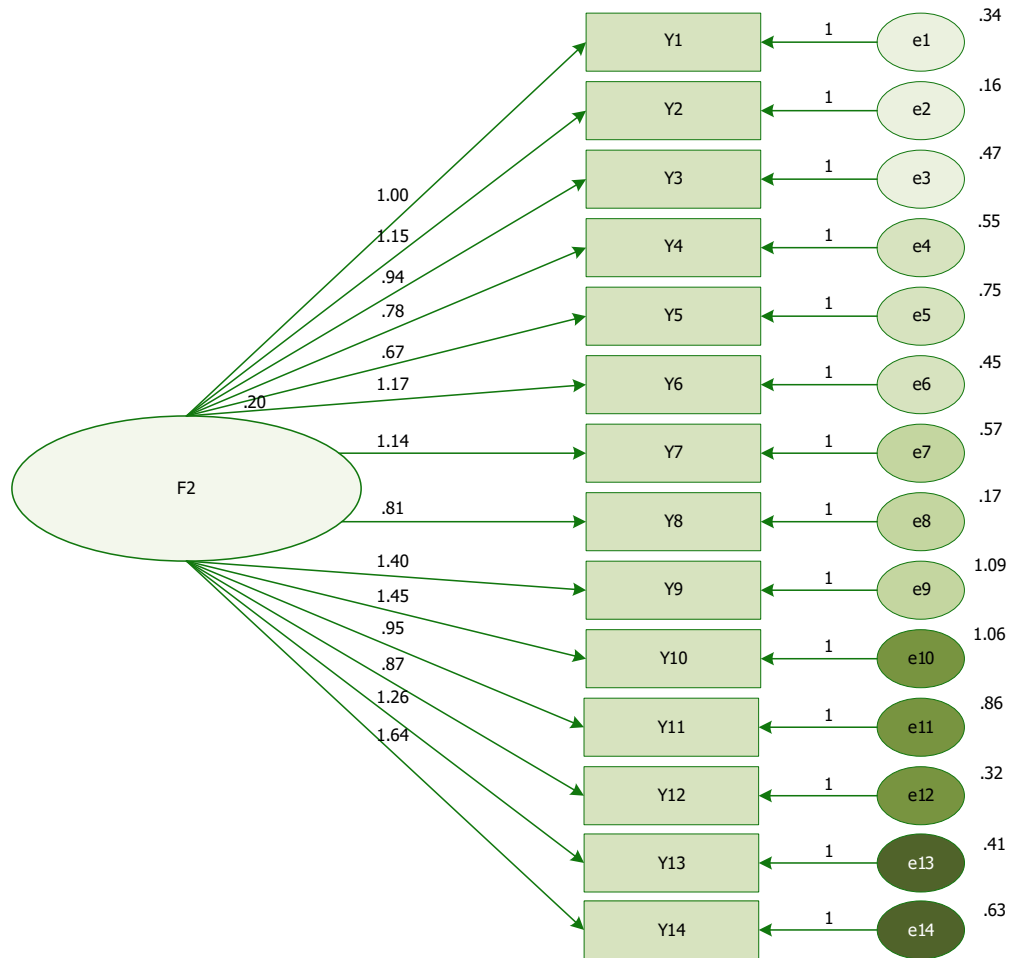


Figure 5. Structural equation model (factor analysis) for the quality of reporting.

The assessment of the questionnaire items' validity is presented in Table 3. All the goodness of fit indicators for the financial reporting quality variable exhibited values exceeding 0.40. Consequently, the latent variables were associated with each item on the scale.

Table 3. The indications of goodness-of-fit for the variable of quality reporting.

| | | | Estimate | S.E. | C.R. | P |
|-----|------|----|----------|------|-------|------|
| Y1 | <--- | F2 | 1.000 | | | |
| Y2 | <--- | F2 | 1.154 | .174 | 6.618 | *** |
| Y3 | <--- | F2 | .940 | .193 | 4.874 | *** |
| Y4 | <--- | F2 | .777 | .190 | 4.087 | *** |
| Y5 | <--- | F2 | .672 | .208 | 3.230 | .001 |
| Y6 | <--- | F2 | 1.166 | .210 | 5.550 | *** |
| Y7 | <--- | F2 | 1.140 | .221 | 5.157 | *** |
| Y8 | <--- | F2 | .807 | .138 | 5.848 | *** |
| Y9 | <--- | F2 | 1.404 | .292 | 4.815 | *** |
| Y10 | <--- | F2 | 1.445 | .293 | 4.936 | *** |
| Y11 | <--- | F2 | .952 | .237 | 4.010 | *** |
| Y12 | <--- | F2 | .872 | .167 | 5.213 | *** |
| Y13 | <--- | F2 | 1.263 | .215 | 5.876 | *** |
| Y14 | <--- | F2 | 1.642 | .275 | 5.969 | *** |

Results of testing the study hypothesis

Null hypothesis H0: A significant statistical correlation exists between the utilization of cloud accounting and the Quality of financial reporting.

To examine this hypothesis, a fundamental linear regression analysis will be conducted utilizing the least squares method based on the regression model outlined below:

$$FR = B_0 + B_1 \text{Cloud accounting} + \varepsilon$$

FR= The unsupported variable: Cloud accounting.

B_0 =The regression equation's constant represents the dependent variable's value when the non-dependent variable's value equals zero.

B_1 =The slope of the regression function, which measures the effect of the cloud accounting on the quality of reporting.

ε = Estimation errors, or so-called statistical residuals.

The statistical software SPSS yielded the following results (Table 4):

| Correlations | | | |
|---------------------|----------------------|------------------|----------------------|
| | | Cloud accounting | Quality of reporting |
| Pearson Correlation | Cloud accounting | 1.000 | .266 |
| | Quality of reporting | .266 | 1.000 |
| Sig. (1-tailed) | Cloud accounting | . | .002 |
| | Quality of reporting | .002 | . |
| N | Cloud accounting | 118 | 118 |
| | Quality of reporting | 118 | 118 |

Table 4 presents the correlation matrix, showing a correlation of 0.226 between cloud accounting and the quality of financial reporting. This correlation is statistically significant at a significance level of 0.002, indicating a confidence level of 98%. These findings highlight the importance of implementing cloud accounting in Iraqi companies to improve the quality of financial reporting. Companies should prioritize the adoption of cloud accounting to enhance their operational processes, resulting in the production of reliable financial statements.

Table 5 provides the Pearson correlation coefficient. The correlation coefficient (R) between the variables is 0.266, the coefficient of determination (R square) is 0.071, and Sig. is 0.004, smaller than the allowable error of 0.05% in the social sciences.

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|---|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .266 ^a | .071 | .063 | 4.35102 | .071 | 8.815 | 1 | 116 | .004 | 2.043 |
| a. Predictors: (Constant), Quality of reporting | | | | | | | | | | |
| b. Dependent Variable: Cloud accounting | | | | | | | | | | |

I've incorporated an analysis in Table 6 that was carried out to evaluate the statistical significance of a regression. The obtained F value of 8.815 exceeded the critical value from the table for the given degrees of freedom 116. Furthermore, the average squared difference between the observed and predicted values, known as the mean square of the residuals, was determined to be 18.931 with a statistical significance level of 5%. The test's significance level, represented as Sig, is 0.004. This number is lower than the generally accepted error value 0.05 in social sciences. This discovery implies the dismissal of the null hypothesis and the acceptance of the alternative explanation, which asserts the importance of the regression. Thus, the independent variable has an impact on the dependent variable.

Table 6. ANOVA^a.

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|-------|-------|
| 1 | Regression | 166.882 | 1 | 166.882 | 8.815 | .004b |
| | Residual | 2196.041 | 116 | 18.931 | | |
| | Total | 2362.924 | 117 | | | |

a. Dependent Variable: Cloud accounting

b. Predictors: (Constant), Quality of reporting

Table 7 displays the coefficients for the standard and non-standard regression functions and the corresponding standard errors. It also includes the results of the T-test, including the associated probability values, variance inflation factors (VIF), and tolerance coefficients.

Table 7. Regression function coefficients for the hypothesis Coefficients^a.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|---------------------------------|-------------|
| | | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| 1 | (Constant) | 33.795 | 4.457 | | 7.582 | .000 | 24.967 | 42.623 |
| | F2 | .238 | .080 | .266 | 2.969 | .004 | .079 | .397 |

a. Dependent Variable: Cloud accounting

Table 7 indicates that the Variance Inflation Factor (VIF) has a value of 1.000, suggesting no issues observed in the results. The level of multicollinearity observed among the inflation coefficients of the variables is below 3.00, indicating statistical acceptability. Furthermore, the constant term in the regression equation was 33.795. The slope of the regression equation was determined to be 0.238, indicating the impact of the independent variable on the dependent variable through factor B. The positive value of the factor suggests a significant and direct relationship between the two variables, namely the unsupported and the approved. As stated otherwise, a one-unit rise in the independent variable (cloud accounting) results in a 23.8% increase in the dependent variable (quality of reporting). The table above indicates that the T-value for the independent variable is statistically significant at a level of 0.00, which is significantly lower than the specified acceptable error rate of 0.05 commonly used in the social sciences. This implies that the presented sample data presents compelling evidence for rejecting the null hypothesis and accepting the alternative hypothesis. **(A significant statistical correlation exists between the utilization of cloud accounting and the Quality of financial reporting).**

Below are the figures that show the normal distribution of the dependent variable (Cloud accounting):

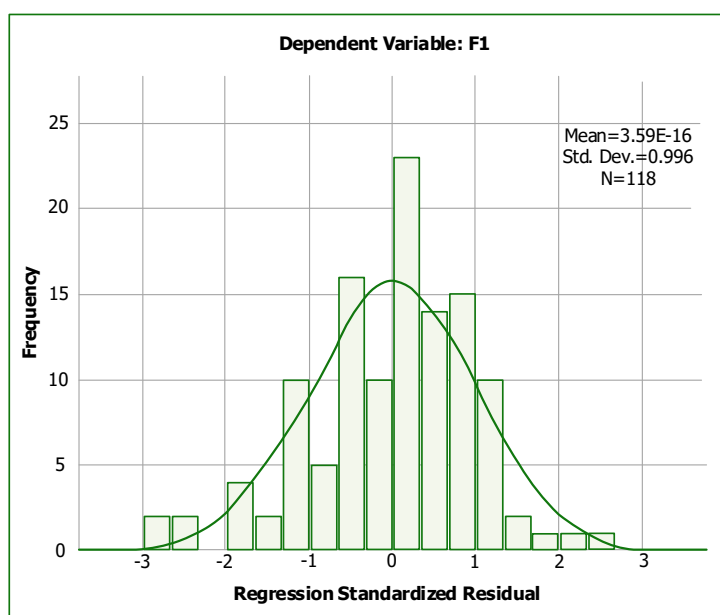


Figure 6. Histogram of regression of the residuals of the dependent variable.

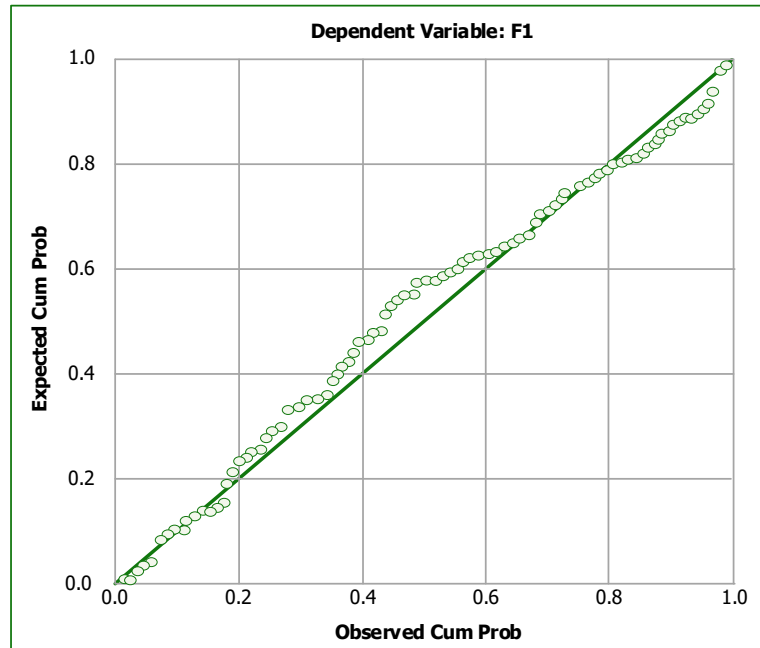


Figure 7. Normal P.P Plot of Regression Standardized Residual of the dependent variable.

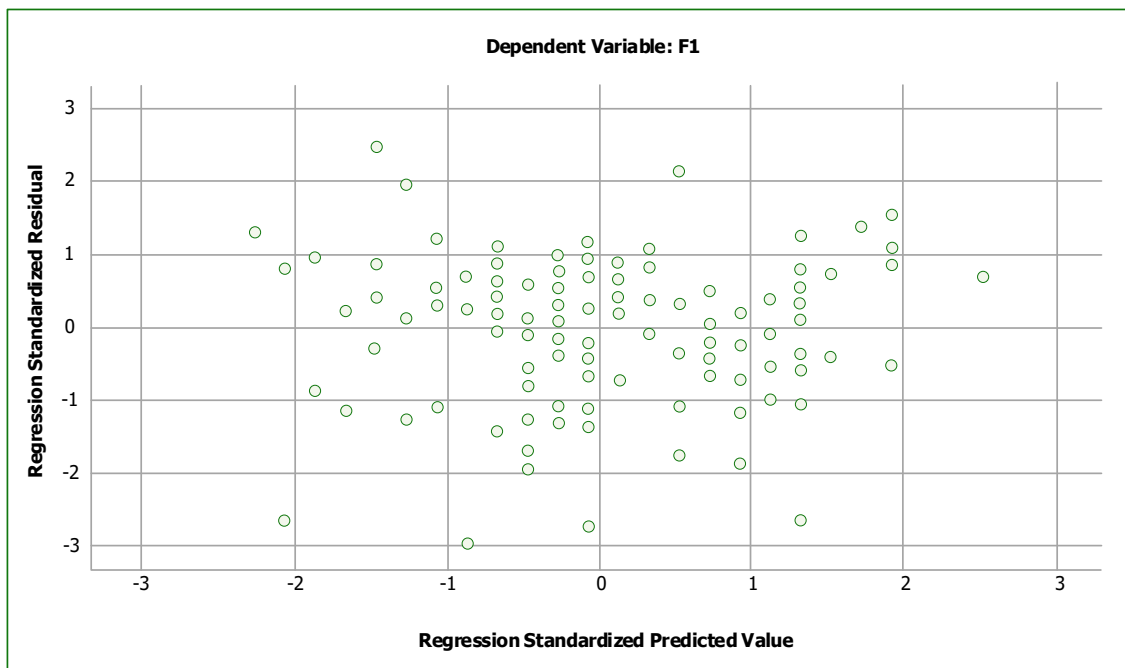


Figure 8. Scatterplot of the dependent variable.

DISCUSSION

Examining the environmental and technical shifts in the business realm, particularly in emerging nations that are in the early stages of their ascent in a swiftly evolving global landscape, is crucial for propelling the business sector towards triumph and staying on par with worldwide corporations. The Republic of Iraq is among the nations that have seen significant hardships due to the ravages of warfare and economic embargoes resulting from these transformations. For over three centuries, accounting and auditing specialists have been working diligently to transform long-standing systems into electronic systems, despite the political and economic consequences of various events and the changes that took place in 2003. Nevertheless, their pace was sluggish. Computers are extensively utilised in the public sector. Universities that offer courses in economics, accounting, and management also provide instruction in electronic business systems to enhance students' productivity and equip them for the job market. In terms of company operations, the majority of small and

medium-sized enterprises have utilised computerized accounting software to a limited extent. Since 2014 and subsequent to 2017, there has been evident advancement in the use of information and communications technology across both public and private establishments. Nevertheless, cloud accounting is now confined to the banking industry, with industrial and commercial enterprises of all sizes, like small, medium, or large, still distant from adopting it. With regard to cloud accounting applications, it is important to acknowledge that many countries in the Middle East region have been ahead of us in this area for quite some time. Therefore, we should focus on raising awareness among all relevant stakeholders about this issue and finding suitable solutions to minimize the operational expenses of these systems and enhance the accuracy of information. Consequently, this will contribute to Cloud accounting software playing a crucial role in enhancing the quality of financial reporting, benefiting all parties involved in the accounting system. The findings of the current study provide strong support for this assertion.

Financial reports are the results of the accounting system, reflecting the methods employed by economic entities to document accounting occurrences. Preparing financial statements involves a series of interrelated processes to ensure the creation of financial statements that match the expectations of their users. Given the wide range of activities conducted by economic entities beyond their local boundaries and advancements in other domains, it has become imperative for financial statements to possess a distinct set of attributes. As a result, accounting organizations and entities have created a set of accounting standards that may effectively interpret these criteria within the conceptual frameworks of financial accounting.

Consequently, there have been advancements in technology inside the accounting information ecosystem. The current system's inadequacy will result in users being misled. Therefore, cloud accounting relies on concepts and principles that elucidate the utilization of electronic systems in accounting transactions to enhance the quality of accounting data. This, in turn, accelerates the production of financial reports and bolsters the users' capacity to make informed decisions.

CONCLUSIONS

Academics and practitioners worldwide continually try to identify the accounting profession's present and future difficulties. They acknowledge the swift technological progress in the contemporary world presents the most substantial challenges. These difficulties must be identified to improve the quality of financial reports. By taking this action, decision-makers will enhance their trust in the accounting and auditing profession, ultimately fostering its growth and advancement. In electronic accounting systems, the progress in cloud computing, robotic process automation, and other modern technology has led to notable hazards in procedures and outcomes. The presence of these hazards will unavoidably influence stakeholders' decision-making process.

Implementing cloud accounting enhances the provision of relevant information to users of financial reports. This includes quantitative and descriptive data, improving the overall quality of financial reporting by offering guidance on disclosing qualitative and quantitative information. It enhances financial statements' predictive and confirmatory capabilities and reinforces practical application. Clear and easily understandable standards for accounting transactions facilitate user understanding of information. Utilizing cloud accounting standards to provide quantitative and qualitative data aids in enhancing the comprehension of financial statements by providing a more precise depiction of the nature, magnitude, timing, and unpredictability of the economic activities of the entity. Cloud accounting applications are utilized for this reason.

Cloud technology enhances financial data operations by transitioning from on-premises computing to cloud-based data storage, which relies on local infrastructure and software to facilitate the sharing of more impactful data. Furthermore, it autonomously enhances the quality of digital financial data by offering a centralized platform for innovation that focuses on precise data reporting. Precise finance, as it pertains to international accounting at various levels, is expanding by offering convenient and adaptable financial services to diverse users, including investors, shareholders, and regulatory agencies. It also applies to renowned individuals for the scientific organization, upkeep, and efficient modernization of local accounting systems, which have limitations in effectively and efficiently utilizing financial resources. International companies are present to ensure adequate confidentiality and enhance their data and tools by offering accountants and managers training and awareness on cloud applications, thus ensuring effectiveness. This is similar to how these companies adhere to external and internal accountants' and financial institutions' regulations and standards for their implementation.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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ЗНАЧЕННЯ ВПРОВАДЖЕННЯ ХМАРНИХ ТЕХНОЛОГІЙ БУХГАЛТЕРСЬКОГО ОБЛІКУ ТА ЙОГО ВПЛИВ НА ПІДВИЩЕННЯ ЯКОСТІ ФІНАНСОВОЇ ЗВІТНОСТІ: ДОКАЗИ РИНКІВ, ЩО РОЗВИВАЮТЬСЯ

Це дослідження спрямоване на з'ясування значного впливу хмарних технологій бухгалтерського обліку як виду інновацій в інформаційних технологіях та їхнього внеску в покращення якості фінансової звітності в рамках міжнародних стандартів. Для досягнення мети цього дослідження враховано й використано результати попередніх досліджень для складання анкети, ціллю якої було з'ясування важливості застосування методів хмарного обліку для підвищення якості фінансової звітності. Систему графічно відображено у вигляді сукупності двох осей, а загальна кількість запитань склала 26. Розподіл проводився між підгрупою працівників публічних корпорацій. Дослідженням, проведеним на Іракській фондовій біржі, було охоплено 118 учасників. Гіпотези були розглянуті за допомогою описової статистики, кореляційної матриці Пірсона та методу моделювання структурних рівнянь за допомогою статистичного програмного забезпечення SPSS версії 26.

Отримані результати продемонстрували статистично значущий вплив хмарного обліку на отримання якісної фінансової звітності, а саме 26,6%. Стало очевидним, що майбутнє хмарного обліку в Іраку було б чудовим, якби уряд і всі компанії докладали всіх зусиль для подолання викликів і бар'єрів, що перешкоджають його впровадженню, тим самим значно покращуючи формування високоякісної фінансової звітності, узгодженої з міжнародними стандартами.

Ключові слова: хмарні обчислення, інформаційні технології, хмарний облік, якість фінансової звітності, набираючі розвитку ринки

JEL Класифікація: C8, M4, D8