International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

The Impact of the Accounting Information System in Reducing the Negative Practices of Creative Accounting

Ziad Abdulhaleem AlTheebeh [1] Braa Adel Qaisia [2] Hamzeh Yousef Abu Quba'[3] Amer Salim Alsaraireh[4]

[1]Professor, Zarqa University, Faculty of Economics and Administrative Sciences, Accounting Department, Zarqa, Jordan, Email: z.altheebeh@zu.edu.jo.

[2]Researcher , braaalqase@yahoo.com

[3]Critical Eye for auditing and financial consultations; Amman, Jordan; hamzehquba@yahoo.com.

[1]Professor, Zarqa University, Faculty of Economics and Administrative Sciences, Business Administration Department, Zarqa, Jordan, Email: aalsaraireh@zu.edu.jo.

This research is funded fully by Zarqa University- Jordan

Abstract

Accounting information systems play a fundamental role in reducing the negative practices of creative accounting by ensuring transparency and accuracy in financial reporting and minimizing opportunities for manipulating figures. Through process automation, the application of accounting standards, and precise financial performance monitoring, these systems help create an accurate and secure accounting environment that contributes to improved decision-making and the avoidance of unethical practices. While creative accounting may offer short-term solutions in some cases, it can carry significant risks in the long term. It is crucial for companies to adhere to strict accounting standards to ensure trust in financial reports while maintaining a transparent and credible accounting environment. Therefore, this study aimed to explore the impact of the accounting information system in reducing the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange, totaling (33) companies. The study found a negative impact (for human resources and material resources) and a positive impact (for laws and regulations) in reducing the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange. Based on the study's results, several recommendations were provided, the most important of which are increasing investment in human resources and enhancing compliance with laws and regulations related to accounting, financial reporting, and transparency in companies.

Keywords: Accounting Information System, Creative Accounting, Human Resources, Material Resources, Laws and Regulations.

International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

1. Introduction

Companies strive to improve their financial position, increase profitability, enhance their financial results, and achieve their strategic goals. When companies fail to achieve these outcomes, it may push accountants to manipulate input financial data and alter the figures reflected in financial statements with the intent of presenting them unfairly, thereby misrepresenting the company's true financial position. This leads to misleading users of the financial data and engaging in what is known as negative creative accounting practices. Sani et al. (2021) argue that the increasing prevalence of negative creative accounting practices has led to the collapse of numerous companies, negatively impacting the economy and raising doubts about the objectivity and credibility of the financial data presented to users. Creative accounting has also become a major focus for accountants and auditors in recent years, especially following the collapse of Enron and the implication of Arthur Andersen, which was responsible for auditing Enron's accounts, in part of the responsibility for the company's downfall. Arthur Andersen was accused of manipulating Enron's accounting data by exploiting certain accounting treatments and policies that misrepresented the financial data (Comandaru, 2020). Liao et al. (2020) emphasized that although management recognizes that creative accounting may achieve short-term goals and benefits for the company, it poses serious risks and problems in the long term.

In recent years, the world has witnessed a growing trend among companies to adopt computerized accounting information systems, transitioning from traditional manual accounting to automated accounting systems (Al-Bawab and Al-Ulaimi, 2014). This shift is due to the significant role these systems play in providing financial data and statements efficiently, saving time and effort, and enabling quick and effective access to financial data through various accounting software (Romney et al., 2021). Accounting information systems consist of key components: first, human resources at all administrative and technical levels, including accountants, auditors, decision-makers, and technical staff such as programmers and system designers; second, material resources and IT infrastructure, including communication tools, devices, equipment, and facilities, as the development of this infrastructure enhances the effectiveness of accounting information systems; and third, regulations, instructions, and laws, such as accounting principles, financial reporting standards, and state legislation, including tax laws and directives from regulatory bodies like the Companies Controller and the Central Bank, as well as board of directors' instructions. It is important to note that the functions of an accounting information system include collecting and storing data about events, resources, and agents, then transforming that data into information that enables users to make appropriate decisions and achieve the company's objectives (Downes, 2018). An accounting information system must include all the elements mentioned above and operate with high quality and efficiency to be considered effective and reliable. This ensures that the system achieves the goals and desires of management and related parties fairly and without bias, thereby reducing data manipulation, whether positive or negative, which is referred to as creative accounting. Therefore, this study aims to explore the impact of the accounting information system in reducing the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange.

2. Theoretical Framework and Hypothesis Development:

1.1 Accounting Information Systems

Data and information have become essential elements that play a crucial role in determining the effectiveness and efficiency of a company. As a result, companies have turned to designing and building accounting information systems to manage the vast amount of information necessary for company management. This ensures that reliable and accurate information reaches all users in an appropriate format and timely manner, enabling them to make informed decisions. The accounting information system (AIS) is considered one of the most important systems for producing accurate and useful information for decision-making (Al-Dalai, 2020). A study by Gofwan (2022) found that the greatest impact of information technology on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions, facilitating managerial decision-making, internal control, business quality, and financial reporting. Similarly, a study by Hosain (2019) revealed the influence of the accounting information system (AIS) on the organizational performance (profitability) of small and medium-sized enterprises (SMEs) in Bangladesh.

The AIS consists of three main components (Alzoubi, 2017): human resources, material resources, systems, regulations, laws, and international accounting standards. These components enable the system to perform its functions, which include collecting, storing, and processing data to transform it into useful information for stakeholders to achieve their objectives. These three components form the foundation of accounting information systems.

Human resources play a pivotal role in the success of a company, as they are essential for finding the best way to invest these resources to achieve optimal returns and desired quality. Human resources can be defined as the group of individuals who make up the workforce of a company, emphasizing the fact that employees are a vital part of the business and are considered an asset that must be managed effectively to ensure success (Stahl, 2019). Pasban (2016) highlights the significant importance of human resources in gaining a sustainable competitive advantage with high efficiency. Human capital, which reflects the level of knowledge, technical and creative skills, and experience of a company, is crucial. Therefore, the workforce is seen as productive assets rather than costly ones. It is evident that people are a key factor in the effectiveness of the system within a company, as the satisfaction and benefits achieved by employees directly impact performance. To achieve this, management must focus on human resources and understand the factors that influence employee behavior. Ethical considerations are also critical, as self-regulation among employees serves as a foundation for the efficiency of accounting information systems. The information produced by the AIS reduces uncertainty and enhances users' knowledge when making decisions.

Material resources involve the use of technology, including computers, networks, equipment, and other physical devices, to create, process, store, secure, and exchange data to generate information and reports that aid decision-making. Material resources refer to the physical components of the accounting information system that enable it to perform its functions. These components include hardware, equipment, and data storage devices, which contribute to the execution of information system plans and procedures (Romney et al., 2021). It is worth noting that significant technological advancements and the automation of accounting information systems play a crucial role in helping companies achieve their goals efficiently and effectively (Alzoubi, 2017). Material resources are vital for the operation and sustainability of companies, as a company may face difficulties functioning effectively without elements such as equipment, devices, buildings, offices, and tangible assets. These resources are essential for the continuity of business operations. Additionally, the efficient allocation of resources can improve their utilization, involving the effective distribution of available resources across the company. Providing modern and advanced material resources contributes to the development of an effective and flexible AIS, aiding departments in achieving their targeted goals (Hall, 2015). The quality and development of material resources within a company significantly influence the AIS, which in turn affects the quality of managerial decisions. The AIS plays a central role in decision-making and impacts the continuity and growth of the company by providing accurate information that influences the organization's financial performance. It is clear that the more effective and advanced the material resources, the better the performance of the AIS, positively reflecting on the company's overall performance (Patel, 2015).

The third main component is systems, regulations, and laws, which include international accounting principles and standards, state legislation such as tax laws, and directives from regulatory bodies like the Companies Controller, the Central Bank, and the board of directors, as well as the company's internal regulations. Laws, regulations, and administrative instructions determine the form and content of the data and information that make up the AIS within a company, as well as the financial disclosure requirements that the company's management must adhere to. It is the responsibility of management to take all necessary measures to ensure the company's compliance with these laws and regulations. This requires designing an accounting information system that meets these requirements and fulfills the diverse needs of data and information. The legal environment represents a critical variable influencing accounting information systems, as it ensures that accounting processes are free from errors, manipulation, and fraud, and that they operate in accordance with legal and professional standards (Romney et al., 2021).

Regulations, laws, and standards are essential components of the accounting information system, serving as the regulatory framework that governs human resources and manages material resources. Companies must comply with the laws issued by regulatory authorities, as violating these regulations and laws can expose the company to legal accountability and organizational chaos. Therefore, companies should adhere to international accounting standards to present their results accurately and fairly, as this is a fundamental requirement for international accounting practices.

1.2 Creative Accounting

The separation between ownership and management in joint-stock companies, under the agency theory, has led to the relationship between shareholders and company management becoming one of the agencies. Agency theory is based on contractual relationships that govern the parties in an agency agreement (the relationship between the principal and the agent), where the agent is obligated to represent and safeguard the interests of the principal. This has created room for conflicts of interest between shareholders and management, as management may seek to maximize its personal benefits, both current and future, potentially harming the interests of shareholders. The conflict of interest among stakeholders is the primary reason for the emergence of creative accounting. (Fathelbab and Abu Quba', 2025) For instance, managers may aim to reduce taxes and distributed profits, while shareholders seek to increase returns on their investments, and regulatory authorities aim to collect more taxes. The multiplicity and conflict of these interests have contributed to the spread of creative accounting. Additionally, the freedom in choosing accounting measurement alternatives, estimates, and disclosures allowed by accounting standards, along with their impact on the outputs of the accounting information system (both in form and substance), as well as gaps in auditing methods, have all contributed to the prevalence of creative accounting.

Khaneja and Bhargava (2016) emphasized that creative accounting involves the deliberate use of accounting tools, described as aggressive and fraudulent, to present an enhanced image of the company. Although these practices may be legal, they are against the spirit of accounting and mislead users of the company's financial data. The Public Company Accounting Oversight Board (PCAOB) stated that creative accounting encompasses a range of legal and illegal activities undertaken by management that affect the company's profits (Franceschetti, 2018). Similarly, Liao et al. (2020) defined it as "a tool used by management to conceal the true financial performance of the company when preparing financial statements and reports to mislead stakeholders." Sani et al. (2021) further explained that creative accounting is "the use of fraudulent methods and practices aimed at influencing company outcomes through deliberate interference in the preparation of financial statements and reports to obtain personal benefits."

1.3 Development of Study Hypotheses

Accounting information systems play a vital role in reducing the practices of creative accounting, which may involve manipulating financial data to inaccurately improve the company's financial image. These systems enhance transparency, accuracy, and credibility in financial reporting, thereby reducing opportunities for profit manipulation (Romney et al., 2021). A well-designed accounting information system ensures transparency in preparing financial statements through the use of precise accounting techniques and standardized standards (Kiso et al., 2020). When accurate accounting standards are applied using integrated accounting software, it becomes difficult for management to manipulate numbers without detection by financial auditors or other parties concerned.

Accounting information systems also provide instant and accurate financial reports (Khan, 2016), making it challenging to alter numbers after they have been prepared. These systems track changes and modifications, recording all updates or adjustments to financial data, enabling auditors to trace changes and detect any attempts at manipulation. Additionally, accounting information systems allow for the continuous collection and analysis of financial data (Romney et al., 2021), enabling management and auditors to closely monitor the company's financial performance. In cases of creative accounting practices, inconsistencies or unjustified distortions in financial reports may become apparent.

Accounting systems also compare the company's current performance with previous periods (Zuraida et al., 2023), helping to identify any illogical or sudden changes in profits or expenses. These systems provide tools for analyzing gaps between actual and planned financial expectations, aiding in the detection of number manipulation. Furthermore, accounting information systems contribute to the application of clear and precise accounting standards, such as International Financial Reporting Standards (IFRS) (Kiso et al., 2020), limiting the flexibility that might allow excessive use of creative accounting techniques. These systems ensure that financial data complies with global accounting standards, preventing manipulation or distortion of numbers.

Accounting systems apply fixed accounting rules that cannot be easily manipulated (Alzoubi, 2017), reducing the opportunities for management to influence numbers illegally. Additionally, accounting information systems rely on the automation of many accounting processes, such as data entry, analysis, and report preparation (Zuraida et al., 2023), minimizing human intervention in these processes. This, in turn, reduces the chances of manual manipulation or alteration of numbers. Automation reduces human errors that may occur during data entry or number adjustments. Since automation relies on specific and strict software, it helps prevent any attempts to manually change numbers.

Accounting information systems also facilitate the effective collection and analysis of data (Romney et al., 2021), enabling accurate financial analyses and future forecasts of profits and losses. These analyses can reveal any number manipulation based on gaps between expectations and actual results. By providing a transparent and accurate accounting environment, accounting information systems encourage management to adhere to ethical standards in preparing financial reports. They also contribute to creating an environment that promotes integrity and credibility in financial operations.

In light of the above, the hypothesis can be formulated as follows: Accounting information systems negatively impact the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange.

3. Study Methodology

3.1 Study Population and Sample

The study population consisted of (33) industrial companies listed on the Amman Stock Exchange. To measure the independent variable, a specialized questionnaire was designed and distributed to respondents representing the study population (financial managers, heads of accounting departments, accountants, auditors, and IT department employees). A total of (300) questionnaires were distributed, and (231) were retrieved electronically, with a response rate of (77%). In addition to the questionnaire, primary sources were used, including the annual financial reports of Jordanian industrial companies for the period (2015-2021), to measure the dependent variable.

3.2 Study Variables

The independent variable, represented by the accounting information system (human resources, material resources, and laws and regulations), was measured through a questionnaire divided into two main sections:

- **Section One**: Included demographic and professional factors of the respondents (job title, academic qualification, years of experience, and specialization).
- **Section Two**: Consisted of (35) statements distributed across three axes to measure the dimensions of the independent variable. A five-point Likert scale was used in the questionnaire, with values ranging from (1) to (5).

To ensure the validity of the study tool, it was reviewed by a group of academic arbitrators with expertise in the field. Additionally, the reliability coefficient (Cronbach's Alpha) was calculated to assess the internal consistency of the study tool domains. Table (1) shows the reliability coefficients for the study tool domains:

International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

Table (1): Reliability Coefficients (Cronbach's Alpha) for the Study Tool

Questionnaire Sections	Number of Items	Cronbach's Alpha
Human Resources	16	89.6%
Material Resources	9	77.5%
Laws and Regulations	10	93.4%
Total Questionnaire	**35**	**93.6%**

The table above shows that Cronbach's Alpha for all parts of the study was greater than 70%, and all reliability coefficients were high and acceptable for the purposes of the study. A reliability coefficient (Cronbach's Alpha) is considered acceptable if it exceeds 70% (Sekaran, 2016).

As for the dependent variable, represented by the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange, it was measured using the model developed by (Dechow et al., 1995), which consists of the following formula:

First: Determining the Total Accruals Value:

(The formula or methodology for calculating total accruals would be inserted here based on the specific model used in the study.)

Tait = Net Income it – OCF it (Operating Cash Flow)

Second: Estimating the Coefficients ($a_0 + a_1 + a_2 + a_3$) to Calculate Non-Discretionary Accruals

$$\frac{TA_t}{A_{t-1}} = a_0 + a_1 \left(\frac{1}{A_{t-1}}\right) + a_2 \left(\frac{\Delta\, Rve_t - \Delta\, Rect_t}{A_{t-1}}\right) + a_3 \left(\frac{PPE_t}{A_{t-1}}\right) + £_t$$

Third: Estimating Non-Discretionary Accruals by Substituting Expected Values

Non-discretionary accruals are estimated by substituting the expected values derived from the regression equation mentioned earlier for each company individually and for each year of the study period. The process is as follows:

International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

1. **Substitute the Expected Values**:

Using the regression coefficients (a_0, a_1, a_2, a_3) obtained from the regression model, the expected values for non-discretionary accruals are calculated for each company and each year using the formula:

$$\mathbf{NDA\_t = a_0\ (1 / A\_t\text{-}1) + a_1\ (\Delta REV\_t / A\_t\text{-}1) + a_2\ (PPE\_t / A\_t\text{-}1) + a_3\ (ROA\_t\text{-}1)}$$

Where:

- **NDA_t**: Non-discretionary accruals for year *t*.
- **A_t-1**: Total assets at the end of year *t-1*.
- **ΔREV_t**: Change in revenue between year *t* and year *t-1*.
- **PPE_t**: Property, plant, and equipment in year *t*.
- **ROA_t-1**: Return on assets in year *t-1*.

2. **Calculate Discretionary Accruals**:

Discretionary accruals, which represent the portion of accruals influenced by management discretion and potential creative accounting practices, are calculated as the difference between total accruals (TA_t) and non-discretionary accruals (NDA_t):

DA_t = TA_t - NDA_t

Where:

- **DA_t**: Discretionary accruals for year *t*.
- **TA_t**: Total accruals for year *t*.
- **NDA_t**: Non-discretionary accruals for year *t*.

3. **Interpretation**:

- **Non-Discretionary Accruals (NDA_t)**: Represent the portion of accruals that are normal and expected based on the company's operational and financial activities.

International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

- **Discretionary Accruals (DA_t)**: Represent the portion of accruals that may be influenced by management decisions, potentially indicating creative accounting practices.

This approach allows for the identification of discretionary accruals, which are more likely to reflect manipulation or creative accounting practices, by isolating them from the normal, non-discretionary component of accruals.

$$NDA_t = a_0 + a_1 \left(\frac{1}{A_{t-1}}\right) + a_2 \left(\frac{\Delta Rve_t - \Delta Rect_t}{A_{t-1}}\right) + a_3 \left(\frac{PPE_t}{A_{t-1}}\right) + £_t$$

t: The non-discretionary accruals of company (i) in year (t).

Fourth: After estimating the total accruals and non-discretionary accruals, the discretionary accruals are calculated using the following formula:

$DA_{i,t} = TA_{i,t} - NDA_{i,t}$

Where:

- DAi,tDA_{i,t}DAi,t represents the discretionary accruals of company (i) in year (t).
- NDAi,tNDA_{i,t}NDAi,t represents the non-discretionary accruals of company (i) in year (t).
- TAi,tTA_{i,t}TAi,t represents the total accruals of company (i) in year (t).

The Rule for Identifying Creative Accounting Practices in Industrial Companies

The rule for determining whether industrial companies engage in creative accounting is based on taking the absolute value of the overall average of discretionary accruals during the study period for all companies and comparing it with the absolute value of the arithmetic mean of discretionary accruals for each company over the study years. If the arithmetic mean of discretionary accruals for the study years of a specific company (i) is greater than the overall arithmetic mean of discretionary accruals for all companies in the sample, the company is considered to be practicing creative accounting. Otherwise, it is considered not to be practicing creative accounting.

3.3 Descriptive Statistics of Study Variables

Descriptive Statistics of the Dependent Variable (Negative Practices of Creative Accounting)

This section of the study presents the descriptive analysis of the variable "reducing negative practices of creative accounting" using the modified Jones model (Dechow et al., 1995). The results are shown in the following tables:

Table (2): Arithmetic Means and Standard Deviations of the Creative Accounting Model

Variables	Minimum Value	Maximum Value	Arithmetic Mean	Standard Deviation
Discretionary Accruals	0.00028	0.414	0.059 (5.9%)	0.062 (6.2%)

Table (2) indicates that the arithmetic mean of discretionary accruals in the creative accounting model was (5.9%), with a standard deviation of (6.2%). The values of discretionary accruals ranged between (0.000 and 0.414). This means that Jordanian industrial companies practice creative accounting and manipulate their results by exploiting the flexibility provided by accounting standards at a relatively high level compared to other studies. For example, the average in U.S. companies ranges between 2% and 7% (Chen et al., 2015), while in British companies, it reached 5% (Habbash, 2015).

Descriptive Statistics of the Independent Variable (Accounting Information System)

This section of the study presents the descriptive analysis of the variable "accounting information system" across its dimensions (human resources, material resources, and laws and regulations), as shown in Table (3).

Table (3): Arithmetic Means and Standard Deviations

Questionnaire Sections	Arithmetic Mean	Standard Deviation
Human Resources	4.07	0.536
Material Resources	3.74	0.583
Laws and Regulations	4.162	0.639

The table above shows that the "laws and regulations" dimension of the accounting information system variable in industrial companies listed on the Amman Stock Exchange achieved the highest arithmetic mean of (4.162), with a standard deviation of (0.639). This was followed by the "human resources" dimension, which achieved an arithmetic mean of (4.017) and a standard deviation of (0.536). The "material resources" dimension had the lowest arithmetic mean of (3.736), with a standard deviation of (0.583).

3.4 Tests for Data Suitability for Statistical Analysis

A correlation coefficient exceeding 70% between two or more variables is considered high and can distort the relationship between the independent variables and the dependent variable (Sekaran, 2016). To ensure the absence of such multicollinearity, a correlation matrix was prepared for the study variables, as shown in Table (4). Additionally, the Variance Inflation Factor (VIF) test was used for each variable to detect multicollinearity issues. According to Sekaran (2016), a VIF value below 10 indicates no multicollinearity problem among the independent variables, and the Tolerance value should be greater than 10%.

Table 4: Correlation Matrix

Variable	Human Resources	Material Resources	Laws and Regulations	VIF	Tolerance
Human Resources	1			1.839	0.544
Material Resources	0.608	1		1.719	0.582
Laws and Regulations	0.571	0.528	1	1.607	0.622

Source: Authors' analysis

The table above shows no high correlation among the independent variables, with the highest correlation value being (0.608) between human resources and material resources. To confirm the absence of multicollinearity in the sample, the Variance Inflation Factor (VIF) test was conducted on the independent variables included in the study. The table shows that all VIF values were greater than 1 and less than 10, confirming no multicollinearity issues among the independent variables.

International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

3.5 Hypothesis Testing

After confirming the suitability of the data for the study model and describing the study variables, the model was subjected to multiple linear regression analysis. The results are presented in Table (5):

Table 5: Multiple Regression Results for Hypothesis Testing

Dependent Variable: Negative Practices of Creative Accounting in Industrial Companies Listed on the Amman Stock Exchange.

Independent Variable	B	T	Sig
Constant	0.958	1.819	0.070
Human Resources	-0.355	-2.190	0.030**
Material Resources	-0.361	-2.506	0.013**
Laws and Regulations	0.272	2.140	0.033**
R^2	50.70%		
F	7.565		0.000***
Sig	0.000***		

The table shows that the dimensions of the accounting information system have an impact on reducing the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange. The explanatory value of R^2 (50.7%) indicates that the independent variables (human resources, material resources, and laws and regulations) explain 50.7% of the variance in the dependent variable (negative practices of creative accounting) in Jordanian industrial companies. The regression model is statistically significant, as the F-value significance (Sig = 0.000) is less than 5%, indicating the model's statistical acceptance.

- **Human Resources**: The T-value (-2.190) and significance (Sig = 0.030) indicate a statistically significant negative impact of human resources on reducing negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange.
- **Material Resources**: The T-value (-2.506) and significance (Sig = 0.013) indicate a statistically significant negative impact of material resources on reducing negative practices of creative accounting.
- **Laws and Regulations**: The T-value (2.140) and significance (Sig = 0.033) indicate a statistically significant positive impact of laws and regulations on reducing negative practices of creative accounting.

In conclusion, the study confirms that human resources and material resources have a negative impact, while laws and regulations have a positive impact, on reducing negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange.

4. Conclusion:

The study's results indicate that the accounting information system contributes to reducing the negative practices of creative accounting in industrial companies listed on the Amman Stock Exchange. This means that the system plays a positive role in promoting correct and ethical accounting practices, thereby limiting negative practices that affect the credibility of financial data and harm the reputation of companies. This can be attributed to the fact that the accounting information system provides accurate and reliable accounting information, allowing auditors and reviewers to access this information easily and effectively. Additionally, the accounting system may include strict accounting procedures that help ensure compliance with accounting standards and avoid negative practices. Consequently, the accounting information system can play a significant role in improving the management of industrial companies and enhancing investor confidence in the financial data of these companies.

The results also indicate a negative impact of human resources in the accounting information system on creative accounting in industrial companies listed on the Amman Stock Exchange. This may be due to an increase in qualified human resources in the accounting or IT departments, enabling the use of modern accounting technologies. This leads to the ability to process and analyze accounting information, thereby developing innovative solutions to accounting challenges. When human resources provide specialized training programs for accountants and accounting system employees, these individuals can handle the system more accurately and professionally, improving the efficiency of the accounting system and ensuring integrity and transparency in dealing with financial data. This also encourages positive innovation within the accounting system, as accountants can use new methods, consistent with accounting standards, to improve efficiency and provide accurate financial reports without resorting to harmful creative accounting. Advanced data analysis technologies can also enhance the quality of financial reports, reducing the likelihood of creative accounting, as employees become aware of how to use the system legally and correctly.

The study's results also indicated a negative impact of material resources in the accounting information system on creative accounting in industrial companies listed on the Amman Stock Exchange. The material resources required to establish and operate the accounting information system improve the work environment, increase operational efficiency, and achieve a balance between innovation and integrity in financial reporting. Material resources such as technologies, hardware, and software directly influence the accuracy and effectiveness of the accounting system, contributing to the reduction of creative accounting practices that may be used to manipulate financial results. The use of modern technologies in the accounting information system, such as advanced software for accounting and financial analysis, reduces human errors in financial transactions, thereby reducing the likelihood of illegal distortions or changes in numbers to meet specific purposes. Automation in accounting systems increases the accuracy of financial reports and reduces opportunities for creative accounting. It also enhances internal control over data, as more advanced systems track and document financial transactions, making attempts to manipulate numbers more difficult. Additionally, it improves employees' ability to perform their work efficiently, enhancing productivity and reducing pressures that may lead to resorting to creative accounting. Good resources reduce the burden on accountants, decreasing the chances of making unethical decisions.

The results also indicated a positive impact of laws and regulations in the accounting information system on creative accounting in industrial companies listed on the Amman Stock Exchange. Although accounting laws and regulations aim to improve transparency and integrity in financial reporting, strict or complex laws may contribute to the emergence of creative accounting as a response to regulatory or financial pressures. Some accounting laws or financial regulations may be overly complex or contain ambiguous or broadly interpretable provisions. When accountants face difficulties in understanding or applying these laws clearly and correctly, they may seek creative ways to interpret or distort the laws to align with the company's objectives. This may lead to the use of creative accounting to deal with these complexities. Additionally, if regulations impose highly complex, inflexible, or unrealistic requirements on companies, some companies or accountants may resort to creative accounting as a means of adapting to these regulations or avoiding negative consequences. Some financial regulations may impose strict financial requirements, such as achieving specific profit ratios or asset levels, which may pressure accountants to present positive financial results at any cost. Complex tax laws or high tax rates may also push companies to reduce

International Journal of Interdisciplinary Cultural Studies
ISSN: 2327-008X (Print), ISSN: 2327-2554 (Online)
Volume 20, Issue 1, 2025
https://cgscopus.com/index.php/journals

their tax liabilities in ways that may not always comply with accounting standards, leading to the use of creative accounting to achieve desired goals without full compliance with laws, potentially violating accounting standards.

Based on the study's findings, the researchers recommend simplifying and clarifying local accounting laws to ensure they are well understood by accountants. Simplified and transparent regulations can reduce the need for creative accounting that may arise from legal complexities or financial pressures. Companies should invest in advanced accounting systems and modern technologies, such as advanced software and artificial intelligence, to analyze financial data. These technologies help reduce human errors and improve the accuracy of financial reports. Additionally, specialized training programs for accountants and accounting system employees should be enhanced to ensure a thorough understanding of accounting systems and international accounting standards. This can improve the accuracy of financial transactions and reduce the likelihood of deviating toward creative accounting.

Several independent research studies could be proposed to further explore the topic, such as:

1. **The Impact of Technological Tools**: Investigating how modern accounting software, artificial intelligence, and advanced data analysis technologies reduce negative practices of creative accounting.

2. **Comparative Studies**: Comparing companies that use advanced accounting information systems with those that rely on traditional systems, analyzing data to determine how advanced systems reduce manipulation in financial reporting.

3. **Case Studies**: Examining real-world applications of these technologies by accountants and deriving insights on how to improve accounting systems in industrial companies.

These studies could provide valuable insights into enhancing the effectiveness of accounting information systems and further reducing the prevalence of creative accounting practices.

References

1. Al-Bawab, A. & Al-Ulaimi, A., (2014). Importance of Using Computerized Accounting Information Systems and their Impact on Improving Quality of Accounting Information "A Field Study", *Zarqa Journal for Research and Studies in Humanities* ,14 (2), 131-145.
2. Al-Delawi, S, Amjad. (2020) . The Impact of Accounting Information Systems on Performance Management,Polish Journal of Management Studies, 21 (2). 36 – 48.
3. Alzoubi, A, (2017). The Effect of Cloud Computing on Elements of Accounting Information System,Global Journal of Management and Business Research: Accounting and Auditing, 17 (3) ,1-8
4. Chen, X., Cheng, Q., & Wang, X. (2015). Does increased board independence reduce earnings management? Evidence from recent regulatory reforms. *Review of Accounting Studies*, 20(2), 899-933.
5. Comandaru, Ana-Maria Andrei, et al. "Another image of accounting-creative accounting." Global Journal of Business, Economics and Management: Current Issues 10.2 (2020): 100-110.
6. Downes, L, (2018), Competition and Consumer Protection Issues in Communication, Information, and Media Technology Networks Georgetown McDonough School of Business Research Paper.
7. Fathelbab, O. E. A., & Abu Quba', H. Y. (2025). The Role of Board Independence in Enhancing External Auditor Independence. Journal of Risk and Financial Management, 18(1), 13. https://doi.org/10.3390/jrfm18010013
8. Franceschetti, B.M. (2018). *Financial Crises and Earnings Management Behavior. Contributions to Management Science*. International Publishing.
9. Gofwan, H. (2022). Effect of accounting information system on financial performance of firms: A review of literature. Department Of Accounting (Bingham University)-2nd Departmental Seminar Series with the Theme–History of Accounting Thoughts: A Methodological Approach. Vol. 2, No. 1.
10. Habbash, S., & Alghamdi, S. (2015). The Perception of Earnings Management Motivations in Saudi Public Firms. *Journal of Accounting in Emerging Economies*, 5(1), 122-147.
11. Hall, J. A. (2015). Accounting information systems. Cengage Learning.

12. Hosain, M. S. (2019). The Impact of Accounting Information System on Organizational Performance: Evidence from Bangladeshi Small & Medium Enterprises. Journal of Asian Business Strategy, 9(2), 133-147.
13. Khan, Haler, (2016) Accounting Information System: The Need of Modernization, International Journal of Management and Commerce Innovations, 4 (1), 4-10.
14. Khaneja, S., & Bhargava, V. (2016). A comprehensive review of literature on creative accounting. International Journal of Business Insights and Transformation, 10(1), 46-60. India
15. Kiso.D, Weygandt. J, Warfield. T. Intermediate Accounting: IFRS Edition,4th Edition, (2020).
16. Liao, Z., Zhang, W., & Tao, X. (2020). The impact of political connection on earnings management in China's private enterprises. *International Business Research*, 13(6), 128-138.
17. Pasban, M., & Nojedeh, S. H. (2016). A Review of the Role of Human Capital in the Organization. Procedia-social and behavioral sciences, 230, 249-253.
18. Patel, F. (2015). Effects of accounting information system on Organizational Profitability. International Journal of Research and Analytical Reviews, 2(1), 72-76.
19. Romney, M. Steinbart, P. Summers, S. Wood, D. Accounting information systems, 15th Edition, (2021) 36.
20. Sani, A., Latif, R., Al-Dhamari, R. (2021). Corporate Board Monitoring, Political Connection and Real Earnings Management Practice in Nigeria. *Afro-Asian Journal of Finance and Accounting*, 11(3), 423-446.
21. Sekaran, U., & Bougie, R. (2016). Research methods for business: A skill building approach. john wiley & sons.
22. Stahl, G. K., Brewster, C., Collings, D. G., & Hajro, A. (2019). Enhancing the role of human resource management in corporate sustainability and social responsibility: a multidimensional, multi-stakeholder approach to HRM. Human Resource Management Review, 30(3).
23. Zuraida, I. Mahmoud, D. Sharina, U. (2023). The impact of quality dimensions of accounting information system success on the effectiveness of during-financial crisis management: The mediating role of system usage in a government sector context. Asian Economic and Financial Review, 13 (1) 18-48.