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Associations of Good Corporate Governance and Digital Accounting Systems with Survey-Reported Financial Reporting Quality among Expedition Businesses in Medan Timur

Ryo Kusanagi[1], Dr. Sri Rezeki[2], Zulfa Arvina Sinaga[3], Putri Atika Sari[4]

Sekolah Tinggi Ilmu Ekonomi Eka Prasetya [1,3,4]
Jl. Merapi No.8, Pusat Pasar, Kec. Medan Kota, Kota Medan, Sumatera Utara, 20212, Indonesia

Universitas Negeri Medan [2]
Jl. Willem Iskandar Pasar V, Medan Estate, Kec. Percut Sei Tuan, Deli Serdang, Sumatera Utara, 20221, Indonesia

*Corresponding author: ryokusanagi06@gmail.com

ABSTRACT

Financial reporting quality supports accountability and informed decision-making in Indonesia's expedition sector. This study examines the associations of Good Corporate Governance (GCG) and the Digital Accounting Information System with survey-reported Financial Reporting Quality among 35 expedition businesses in Medan Timur. A quantitative census design was employed, and data were analyzed using partial least squares structural equation modeling (PLS-SEM). GCG showed a positive, statistically significant association ($\beta = 0.606$, $p < 0.001$), as did the Digital Accounting Information System ($\beta = 0.345$, $p = 0.015$). The model explained 74.6% of the variance in Financial Reporting Quality ($R^2 = 0.746$). However, the findings remain provisional because discriminant validity between GCG and Financial Reporting Quality was not established (HTMT = 0.913), and SRMR exceeded the predefined threshold (0.129). The study proposes a five-stage Digital Financial Governance Blueprint as a practical interpretation of the findings. Its effectiveness remains untested and requires further validation before implementation benefits can be established.

Keywords: Digital Accounting System, Expedition Companies, Financial Reporting Quality, Good Corporate Governance, MSMEs

INTRODUCTION

Financial reporting quality and corporate governance are foundations of organizational trust, access to finance, and business sustainability. The G20/OECD Principles of Corporate Governance 2023 emphasize disclosure, transparency, board responsibility, sustainability, and resilience, while the IFRS for SMEs Accounting Standard (IASB, 2025) seeks to improve information for lenders and other users without disregarding entity capacity. Digital transformation must therefore be accompanied by governance mechanisms that protect the reliability of financial information. (OECD, 2023)
This issue is relevant to Indonesian MSMEs. According to The World Bank (2025, p. 33) micro, small, and medium enterprises (MSMEs) represent 61% of Indonesia's gross domestic product (GDP) and account for 99% of all firms, still continue to face limitations in financial transparency and access to finance. Expedition businesses process shipping charges, cash-on-delivery receipts, receivables, returns, transportation costs, and settlements with multiple agents. When operational documents, cash, receivables, and

expenses are not integrated, recording errors and delayed reconciliation reduce the usefulness of financial reports.
Table 1 contextualizes Medan's district-level MSME distribution.

Table 1.
Number of MSMEs by District in Medan City

No.	District	Number of MSMEs (units)	Percentage
1	Medan Tuntungan	9,705	10.75%
2	Medan Johor	3,244	3.59%
3	Medan Amplas	5,692	6.31%
4	Medan Denai	5,593	6.20%
5	Medan Area	7,263	8.05%
6	Medan Kota	4,916	5.45%
7	Medan Maimun	1,060	1.17%
8	Medan Polonia	1,004	1.11%
9	Medan Baru	2,524	2.80%
10	Medan Selayang	2,991	3.31%
11	Medan Sunggal	3,333	3.69%
12	Medan Helvetia	5,272	5.84%
13	Medan Petisah	3,312	3.67%
14	Medan Barat	3,803	4.21%
15	Medan Timur	3,933	4.36%
16	Medan Perjuangan	4,749	5.26%
17	Medan Tembung	6,997	7.75%
18	Medan Deli	2,884	3.20%
19	Medan Labuhan	2,890	3.20%
20	Medan Marelan	4,305	4.77%
21	Medan Belawan	4,776	5.29%
Total		**90,246**	**100.00%**

Source : BPS Kota Medan (2025), Table 6.20, p. 324.

Medan Timur's 3,933 MSMEs (4.36%) provide context, not the expedition census frame. Table 2 presents Lokanesia listings by reported location.

Table 2.
Distribution of Expedition Business Listings by Reported Location

No	District	Amount
1	Medan Maimun	32
2	**Medan Timur**	**35**
3	Medan Tembung	24
4	Medan Kota	26
5	Medan Petisah	28
6	Medan Amplas	13
7	Medan Polonia	20
8	Medan Deli	12
9	Medan Sunggal	25
10	Medan Helvetia	24
11	Medan Barat	15
12	Medan Johor	8
13	Medan Area	13

14	Medan Selayang	7
15	Medan Baru	14
16	Medan Denai	6
17	Percut Sei Tuan	2
18	Medan Perjuangan	7
19	Medan Kota Belawan	1
20	Medan Marelan	2
21	Barumun	1
22	Deli Serdang	1
23	Medan Tuntungan	1
24	Unspecified	3
Total		**320**

Source : Lokanesia, 2025, accessed on 4 July 2026

Direct visits verified 35 operating locations within Medan Timur. Outside-district and unspecified listings were excluded. Branches counted separately by address; this did not establish independent MSME status.

Medan Timur was selected following verification of 35 operating expedition units. Shipment receipts, cash-on-delivery collections, receivables, and agent settlements create potential reporting risks, rather than documented deficiencies among participants. Through transparency, accountability, supervision, and clear authority, GCG may reduce information asymmetry and support reporting discipline, consistent with Agency Theory (Akbar & Choiriah, 2025).

Accounting information systems support structured recording, efficient data processing, and accessible information (Fernando et al., 2023) (Putra & Rezeki, 2022). Digital developments, including artificial intelligence, introduce recognition and measurement challenges (Afrizal & Rosmaria, 2026), while effective accounting systems can support financial reporting quality (Ciciliawanti et al., 2023).

To clarify the research gap, table 3 compares selected studies concerning digital accounting, good corporate governance, and financial reporting quality. The comparison outlines their settings, findings, and limitations, and explains how the present study extends this literature to expedition MSMEs in Medan Timur.

Table 3.
Research Gap

Author	Setting & Variables	Main Finding	Limitation / Gap	Position of This Study
(Sulkiah & Asmira, 2025)	East Lombok MSMEs; digitalization, internal control → FRQ	Digitalization nonsignificant.	GCG and logistics unexamined.	Examines digital accounting and GCG in expedition businesses.
(Maulida & Tumirin, 2025)	Eyelink Group; AIS and Internal Control → FRQ; GCG predictor and moderator	AIS nonsignificant; GCG moderation significant.	Applicability beyond one corporate group uncertain	Examines direct GCG and DAS with survey-reported FRQ.
(Sugiarti et al., 2022)	Local government; GCG, internal audit → FRQ	GCG positive and significant.	Public-sector governance differs from MSMEs.	Examines GCG in expedition businesses.
(Almgrashi, 2025)	Saudi SMEs; digital accounting quality and related constructs →	Digital accounting system use had a positive effect.	Different outcome and institutional setting.	Examines digital accounting–FRQ associations in Indonesian

	sustainable decision-making			expedition businesses.
(Akbar & Choiriah, 2025)	Rural banks; GCG, internal control, HR competence → FRQ	GCG positive and significant.	Regulated institutions; digital accounting unexamined.	Integrates GCG and digital accounting in expedition MSMEs.

Differences across previous findings require comparison of constructs, measures, samples, and methods. This study addresses the contextual gap by examining GCG and digital accounting associations with survey-reported Financial Reporting Quality among 35 expedition businesses in Medan Timur, using Agency Theory and the DeLone and McLean model. It provides contextual evidence without developing new theory or testing interactions. Its proposed framework covers readiness, governance review, digital integration, reporting-quality monitoring, and a dashboard; effectiveness requires further validation.

This study aims to examine the associations of Good Corporate Governance and the Digital Accounting Information System with survey-reported Financial Reporting Quality among 35 identified expedition businesses in Medan Timur District. The business is the unit of analysis, with questionnaire responses providing the information used to assess the constructs.

Using Agency Theory and the DeLone and McLean model, this study provides contextual evidence from expedition businesses without developing new theory or testing interactions. Its proposed five-stage Digital Financial Governance Blueprint remains untested and requires expert review, feasibility assessment, and pilot implementation.

LITERATURE REVIEW

Agency Theory

Agency Theory explains how delegated authority can create information asymmetry and conflicting interests (Jensen & Meckling, 1976) . In expedition businesses, owners act as principals when assigning operational or accounting tasks to employees. Authorization, documentation, reconciliation, and review help monitor these activities. In owner-managed businesses, agency considerations concern delegated tasks and accountability to lenders and partners. This study therefore uses Agency Theory to explain governance–reporting quality associations. The governance principles of transparency, independence, accountability, fairness, and responsibility (KNKG, 2006) , alongside the broader (OECD, 2023) perspective, guide its application rather than constitute the theory's foundation.

DeLone and McLean Information Systems Success Model

System and information quality support organizational benefits through use and satisfaction (DeLone & McLean, 2003). In this study, the Digital Accounting Information System reflects system quality, information quality, user satisfaction, ease of use, integration, security, and effectiveness. Financial Reporting Quality reflects relevance, reliability, comparability, and understandability.

Financial Reporting Quality

According to (Standar Akuntansi Pemerintahan, 2010), quality of financial report is a structured report that qualifies qualitative characteristics about financial position and transactions made by an entity. According to (Sun, 2023) , financial reporting quality is the extent to which financial reports provide reliable and relevant information to stakeholders is referred to as financial reporting quality

SAP-based dimensions were adapted to perceived private-sector reporting quality, not government compliance or audited quality; reliability differs from IASB faithful representation (IASB, 2025).

Following that, the indicators of Financial Reporting Quality are as follows : (Standar Akuntansi Pemerintahan, 2010)

1. Relevant
2. Reliable
3. Comparable
4. Understandable

Good Corporate Governance

Good Corporate Governance is defined as a governance framework, such as rules, practices and processes in which a company should execute and manage to operate efficiently and effectively to maximize shareholder value(Bui & Krajcsák, 2024). It is also understood as the implementation of sound principles and practices to operate ethically, transparently, and responsibly toward stakeholders.(Neiroukh & Çağlar, 2025)

The indicators of Good Corporate Governance are as follows : (KNKG, 2006)

1. Transparency
2. Independence
3. Accountability
4. Fairness
5. Responsibility

Digital Accounting Information System

SIAD denotes digitally supported accounting processes. It is also a system that organizes previously unstructured data systematically, thereby facilitating the preparation of reports that accurately reflect the company's financial condition and performance.(Sulkiah & Asmira, 2025)(Maulida & Tumirin, 2025)

Table 4 presents the English translations of the 21 questionnaire items used to measure digital accounting information systems (SIAD). The items are organized into seven dimensions, with three items assigned to each dimension, to clarify the relationship between the construct and its operational measures.

Table 4.
SIAD Questions

Code	Dimension	Shortened item description
SIAD1	System Quality	Reliable operation with few disruptions.
SIAD2	System Quality	Sufficient features for expedition accounting needs.
SIAD3	System Quality	Fast performance and prompt responses.
SIAD4	Information Quality	Accurate and reliable system information.
SIAD5	Information Quality	Complete information relevant to business needs
SIAD6	Information Quality	Readable and understandable system reports.
SIAD7	User Satisfaction	Overall satisfaction with the system.
SIAD8	User Satisfaction	Easier accounting work through system use.
SIAD9	User Satisfaction	Preference for digital over manual accounting.
SIAD10	Ease of Use	Easy system use for finance staff.
SIAD11	Ease of Use	Understandable interface requiring little training.
SIAD12	Ease of Use	Straightforward data entry and report generation.
SIAD13	Integration	Integration with shipping and inventory systems.
SIAD14	Integration	Smooth data exchange between accounting modules.
SIAD15	Integration	Integration with other company applications.
SIAD16	Security	High system data security.
SIAD17	Security	System access restricted to authorized users.
SIAD18	Security	Financial data protected against breaches and cyberattacks.

SIAD19 Effectiveness	Fast and timely financial information.
SIAD20 Effectiveness	Prompt financial reporting when needed.
SIAD21 Effectiveness	Real-time or near-real-time information updates.

The Digital Accounting Information System construct was operationalized using seven dimensions in the administered questionnaire system quality, information quality, user satisfaction, ease of use, integration, security, and effectiveness. SIAD items assess respondents' perceptions of the accounting system and its outputs, whereas Financial Reporting Quality items assess the perceived qualities of financial reports. Nevertheless, some wording overlaps across these constructs, and their conceptual distinction does not establish empirical discriminant validity. The indicators are as follows : (DeLone & McLean, 2003)

1. System Quality
2. Information Quality
3. User Satisfaction
4. Ease of Use
5. Integration
6. Security
7. Effectiveness

Governance may support reporting discipline (Sugiarti et al., 2022) (Akbar & Choiriah, 2025) (Maulida & Tumirin, 2025). Although those contexts differ, they consistently suggest that stronger governance improves recording discipline, verification, and disclosure. Accordingly :

H1 : Good Corporate Governance is positively associated with Financial Reporting Quality.

System quality and information quality generate organizational benefits through use and user satisfaction (DeLone & McLean, 2003) . Prior evidence shows that accounting information systems can support financial reporting quality (Saputri et al., 2023) (Pramitha et al., 2024) (Ciciliawanti et al., 2023), whereas other studies found no significant direct effect (Sulkiah & Asmira, 2025) (Maulida & Tumirin, 2025). This inconsistency suggests that the benefit of digital accounting depends on implementation quality and organizational context. Accordingly :

H2 : The Digital Accounting Information System is positively associated with Financial Reporting Quality

Governance and accounting systems provide complementary controls (Wahyuni et al., 2022). Accordingly :

H3 : Good Corporate Governance and Digital Accounting Information System are jointly associated with Financial Reporting Quality.

Based on the theoretical arguments and empirical evidence discussed above, Figure 1 presents the conceptual framework linking Good Corporate Governance and the Digital Accounting Information System to Financial Reporting Quality.

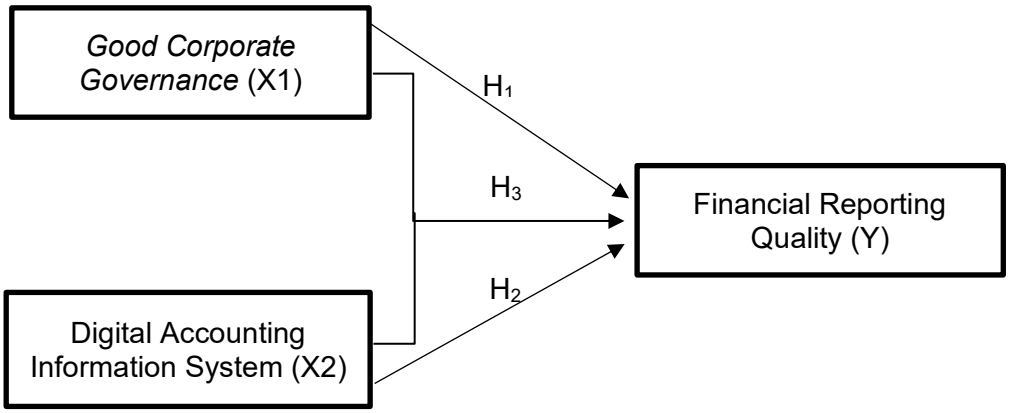


Figure 1. Hypotheses
Note: H3 tests both coefficients jointly, not interaction or an additional path.

H1 and H2 concern the respective direct associations with perceived reporting quality.

RESEARCH METHOD

Conducted from July to September 2026, this quantitative census covered all 35 identified expedition operating locations in Medan Timur, including centrally managed branches, with one qualified respondent per location. A separate pilot involved 30 respondents outside the district and was excluded from the main dataset. Profiles described business and respondent characteristics, not eligibility criteria.
The 30 pilot respondents outside Medan Timur and 35 main-survey respondents were analyzed separately. Administrative staff predominated in the pilot group (13), while administrative (12) and accounting/finance staff (10) predominated in the main survey. Most respondents reported 1–3 years of digital accounting use (15 pilot; 19 main). Main-survey businesses comprised 15 CVs, 14 individually owned businesses, and six PTs. Excel/spreadsheets were the most common applications (18 pilot; 25 main).
SmartPLS 3 estimated associations with survey-reported Financial Reporting Quality. G*Power's "Linear multiple regression: Fixed model, R^2 deviation from zero" procedure, with two predictors, $\alpha = .05$, power = .80, and $f^2 = .35$, required 31 observations; the sample included 35. This regression-based approximation assumes a large model-level effect and does not establish individual-path power or measurement precision. Findings therefore represent associations and in-sample explanatory results.
Evaluation used 5,000 bootstrap subsamples, paths, R^2, f^2, and SRMR(Hair et al., 2017). The approximate joint test used $W = \hat{\beta}'\hat{V}^{-1}\hat{\beta}$, with covariance from 5,000 paired bootstrap estimates and a $\chi^2(2)$ reference at $\alpha = .05$
PLS-SEM was selected because the study is predictive and uses latent constructs with multiple indicators. An a priori G*Power analysis with two predictors, $\alpha = 0.05$, power = 0.80, and $f^2 = 0.35$ indicated a minimum of 31 observations; the census of 35 therefore met the threshold for detecting large effects. Interpretation remains limited to the studied population (Hair et al., 2017).
Table 5 outlines a proposed framework for governance and digital accounting practices in expedition businesses. The framework organizes suggested actions across readiness, governance, system integration, reporting-quality monitoring, and dashboard development; its implementation and effectiveness were not tested in this study.

Table 5.
Proposed Framework for Governance and Digital Accounting Practices

Stage	Priority action	Basis and Scope
Digital Accounting Readiness	Mapping transaction flows, Human Resources Management, Hardware, and recording needs	Proposed preparation for digital accounting; readiness was not separately tested.
Good Governance Assessment	Authorization checking, responsibility, documentation, and reconciliation	Suggested application of the GCG findings; these activities were not evaluated as interventions.
Digital Accounting Integration	Connecting shipment data, Cash on Delivery, Cash, Receivables, Returns, Expenses, and Ledgers	Suggested application of the digital accounting findings; integration effectiveness was not tested.
Financial Reporting Quality Monitoring	Monitoring relevance, reliability, comparability, and understandability	Corresponds to the four stated reporting-quality dimensions; ongoing monitoring was not tested.
Financial Information Dashboard	Presenting cash flow, expense, receivable, risk, and operational performance indicators	Proposed reporting tool; dashboard effectiveness was not assessed.

Table 5 links governance review, digital accounting integration, and reporting-quality monitoring to the measured constructs; readiness assessment and the dashboard are additional recommendations. The five stages do not establish implementation order or effectiveness. The framework requires expert review, feasibility assessment, and pilot testing; sustainability, risk management, and operational benefits were not evaluated.

RESULTS

The pilot analysis used 30 respondents outside Medan Timur and was kept separate from the 35 main observations. Pilot composite reliability ranged from .969 to .991, and average variance extracted ranged from .679 to .840. However, the HTMT value between Good Corporate Governance and Financial Reporting Quality was .960, indicating an unresolved discriminant-validity concern under the study's stated criteria. Table 6 summarizes the seven indicators excluded during measurement-model refinement, including their statistical evaluation and the reasons for removal.

Table 6.
Reasoning for Indicator Removal

Indicator	Evaluation Result	Reason for Removal
GCG2	Loading = 0.486; cross-loading on FRQ = 0.523	Low loading and higher cross-loading on FRQ, indicating validity issues.
GCG3	Loading = 0.589	Low loading; removal improved GCG AVE to ≥ 0.50.
GCG15	Loading = 0.464	Loading was too low to adequately represent GCG.
KLK1	Loading = 0.269; t = 0.985; p = 0.325	Very low and insignificant loading with problematic cross-loading.
KLK3	Loading = 0.525–0.539	Low loading and reduced construct AVE.
KLK7	Loading = 0.695–0.703; cross-loading on GCG = 0.751	Higher cross-loading on GCG raised concern about construct distinctiveness because its loading on GCG exceeded its loading on KLK
KLK9	Loading = 0.658; cross-loading on GCG = 0.680	Low loading and a substantial cross-loading on GCG raised concern about construct distinctiveness.

The final measurement model excluded three GCG indicators (GCG2, GCG3, and GCG15) and four Financial Reporting Quality indicators (KLK1, KLK3, KLK7, and KLK9). The reliability and convergent-validity statistics reported in Table 6 were calculated using the retained indicators after these exclusions. Exclusions changed construct coverage; improved AVE alone does not establish discriminant validity.
Table 7 presents Cronbach's alpha, rho_A, and composite reliability to assess internal consistency, together with average variance extracted (AVE) to assess the convergent validity of the retained constructs.

Table 7.
Reliability and Convergent Validity

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Digital Accounting Information System	0.960	0.968	0.964	0.561
Financial Report Quality	0.867	0.867	0.897	0.521
Good Corporate Governance	0.909	0.913	0.923	0.502

All three constructs exceeded the stated minimum composite-reliability and AVE thresholds. However, SIAD composite reliability was .964, warranting examination of potential indicator redundancy. The final exported model retained 21 SIAD items, 12 GCG items, and eight Financial Reporting Quality items. A review of questionnaire wording identified potential overlap between perceived work simplification and ease of report generation, between timely information and prompt reporting, and between system-information quality and financial-reporting quality. These findings warrant cautious interpretation: high internal consistency does not establish that every conceptual dimension is adequately represented or that the measurement specification is appropriate.
Figure 2 presents the final PLS algorithm results after indicator removal, showing the retained indicators and their outer loadings, the structural path coefficients, and the explained variance in Financial Reporting Quality.

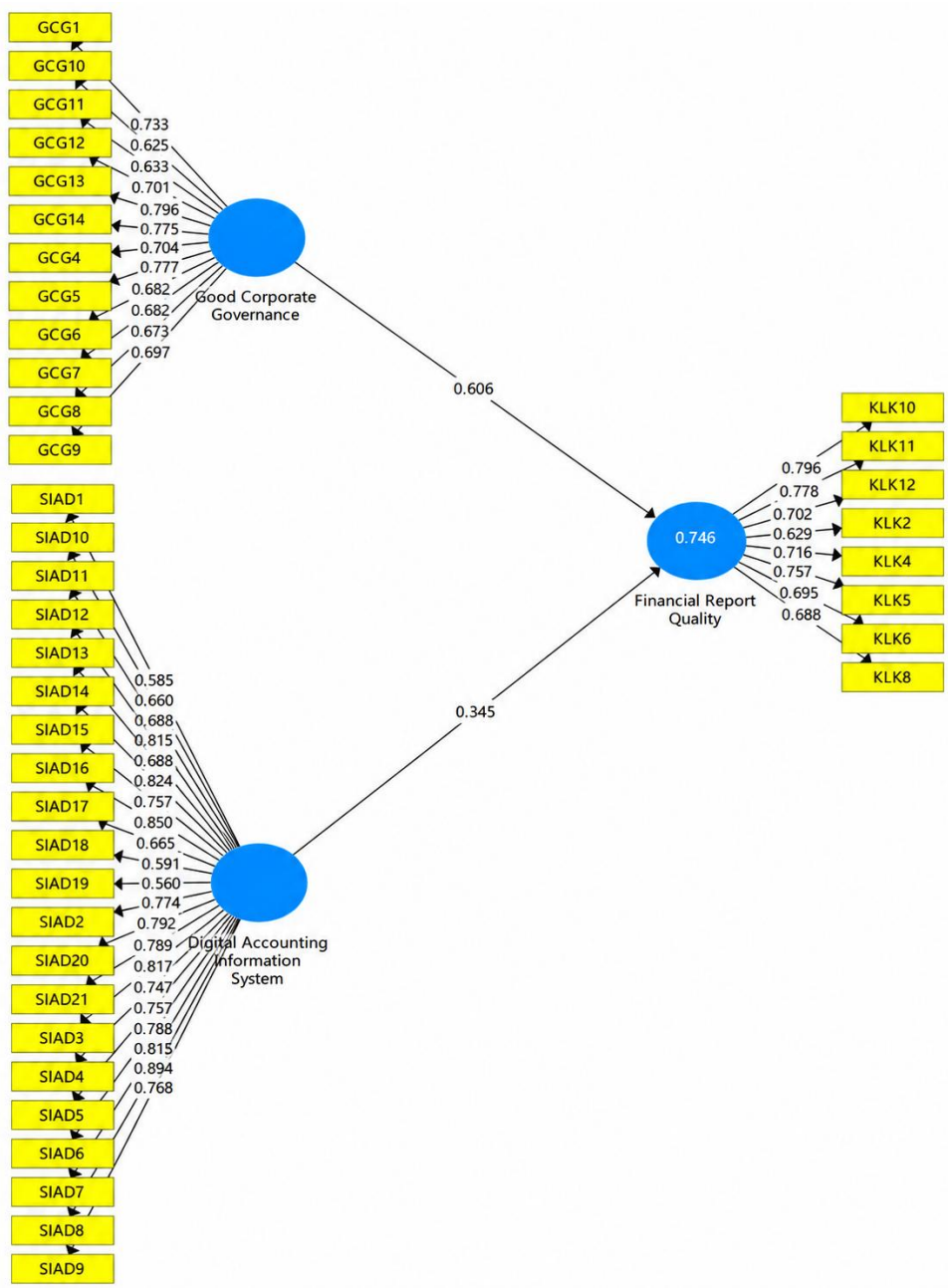


Figure 2. PLS Algorithm Results for the Research Model

Discriminant validity was not established between Good Corporate Governance and Financial Reporting Quality. Their HTMT value was .913, exceeding the study's .85 criterion and the alternative .90 benchmark. The construct correlation of .821 also exceeded the square roots of AVE for GCG (.709) and Financial Reporting Quality (.722). Consequently, the estimated GCG association cannot be interpreted confidently as a distinct relationship independent of overlapping measurement content. The structural findings remain provisional.

Sixteen retained indicators loaded below .70: six GCG, three Financial Reporting Quality, and seven SIAD items. Adequate AVE and composite reliability do not resolve weak indicator reliability or GCG–reporting-quality discriminant validity.

Table 8 reports R^2 and adjusted R^2 to describe the variance explained in Financial Reporting Quality, together with the standardized root mean square residual (SRMR) to assess overall model fit.

Table 8.

Structural Model Evaluation

Endogenous Construct	R Square	R Square Adjusted	SRMR-saturated and estimated models
Financial Report Quality	0.746	0.731	0.129

GCG and Digital Accounting Information Systems jointly explained 74.6% of the variance in Financial Reporting Quality ($R^2 = 0.746$; adjusted $R^2 = 0.731$). However, the SRMR of 0.129 exceeded the 0.08 benchmark, indicating a model-fit concern despite the explained variance. The structural relationships should therefore be interpreted cautiously, alongside the measurement limitations discussed above.
Table 9 presents a supplementary approximate joint Wald test of whether the GCG and Digital Accounting Information Systems path coefficients are jointly zero, providing an assessment of their joint association with Financial Reporting Quality.

Table 9.
Supplementary Approximate Joint Wald Test

Joint null hypothesis	Wald statistic	df	Approximate p-value	Interpretation
βGCG→FRQ = βSIAD→FRQ = 0	435,104	2	< .001	Joint null rejected under the asymptotic approximation

The joint null was rejected under the approximation, provisionally supporting H3. This indicates at least one association, not interaction or synergy.
Table 10 presents the bootstrapped path coefficients, t-statistics, p-values, and 95% bias-corrected and accelerated (BCa) confidence intervals for hypothesis testing, together with VIF values and f^2 effect sizes.

Table 10.
Hypotheses Testing Result

Path	β	t-statistic	p-value	95% BCa CI	VIF	f^2	Decision
GCG → Financial Reporting Quality	0.606	4.606	<0.001	[0.290, 0.801]	1.631	0.889	H1 provisionally supported
Digital Accounting Information System → Financial Reporting Quality	0.345	2.433	0.015	[0.076, 0.644]	1.631	0.288	H2 supported

Both GCG and the Digital Accounting Information System showed positive and statistically significant estimated associations with Financial Reporting Quality. However, inadequate discriminant validity between GCG and Financial Reporting Quality (HTMT = 0.913) limits the interpretation of the GCG coefficient as a distinct governance relationship. Therefore, support for H1 remains provisional, while both structural findings should be interpreted cautiously given the model-fit and measurement limitations.
Table 11 summarizes the key issues identified in the model diagnosis and specification review, including measurement specification, construct overlap, weak indicators, potential item redundancy, and model fit. It outlines the evidence needed to assess each issue and the actions or unresolved limitations relevant to interpreting the findings.

Table 11.
Model Diagnosis and Specification Review

Issue	Evidence to document	Action or unresolved limitation
Measurement specification	Conceptual justification for reflective, formative, or higher-order measurement	Explain whether the specification matches the meaning of the questionnaire domains
GCG–FRQ overlap	HTMT .913, Fornell–Larcker results, and overlapping item content	Evaluate whether governance practices are adequately distinguished from reporting quality
Weak indicators	Complete loading table and dimension mapping	Document individual retention/removal decisions
SIAD redundancy	Composite reliability .964 and item-similarity review	Assess repeated content while preserving relevant coverage
Model fit	Saturated and estimated SRMR, both .129	Report any theory-supported revisions and their actual results

SRMR was .129 for both saturated and estimated models, exceeding .08. Inadequate GCG–Financial Reporting Quality discrimination, loadings below .70, and potential item overlap raise specification concerns without establishing the cause of elevated SRMR. Path estimates and explained variance remain provisional; significant paths and R^2 = .746 do not resolve these limitations.

DISCUSSION

The positive GCG association is consistent with Agency Theory, but inadequate discriminant validity and elevated SRMR prevent robust theoretical confirmation. The findings remain preliminary and require measurement refinement and validation.

The digital accounting association is consistent with the DeLone and McLean model's emphasis on system quality, information quality, and user satisfaction. The study's adapted measure also covers ease of use, integration, security, and effectiveness.

This result is consistent with (Saputri et al., 2023), (Pramitha et al., 2024), and (Ciciliawanti et al., 2023) who found that accounting information systems support financial reporting quality. It is also consistent with (Almgrashi, 2025), who reported a positive contribution of digital accounting systems to sustainable decision-making quality, although the outcome variable differed.

However, this finding differs from (Sulkiah & Asmira, 2025) who found that accounting digitalization had no significant effect on MSME financial reporting quality. It also differs from (Maulida & Tumirin, 2025), who reported that the Accounting Information System had no significant direct effect on Financial Reporting Quality.

The difference may reflect the transaction-intensive nature of expedition businesses, where digital integration can simplify reconciliation across COD, receivables, returns, costs, and agent settlements. This interpretation remains tentative because the study did not compare industries directly.

GCG provides authorization and accountability, while digital accounting provides recording, integration, security, and timely information. Implemented together, they can strengthen control and reporting processes (Wahyuni et al., 2022).

GCG showed the larger coefficient and effect size in this sample, although no coefficient-difference test was performed. Digitalization should therefore proceed alongside stronger governance.

CONCLUSION

This study found that Good Corporate Governance (GCG) and the Digital Accounting Information System were positively and significantly associated with Financial Reporting Quality among 35 expedition businesses in Medan Timur. GCG had the larger estimated association (β = 0.606; f^2 = 0.889), while the Digital Accounting Information System also contributed significantly (β = 0.345; f^2 = 0.288). Together, both variables explained 74.6% of the variance in Financial Reporting Quality (R^2 = 0.746). However, this descriptive comparison does not establish a statistically significant difference between the coefficients, and the unresolved discriminant-validity concern limits conclusions about GCG as a distinct predictor.

The findings inform the proposed Digital Financial Governance Blueprint but remain provisional given inadequate GCG–Financial Reporting Quality discrimination (HTMT = .913), elevated SRMR (.129), and 35 businesses in one district. Future research should refine overlapping indicators, broaden samples, and examine internal control, human resource competence, and digital readiness.

RECOMMENDATIONS

For Subsequent Researches

Future researchers should refine overlapping indicators, validate the measurement model across larger and more diverse samples, and test the proposed blueprint before assessing its effectiveness.

For Expedition MSMEs

Expedition MSMEs should review transaction authorization, documentation, reconciliation, and digital accounting integration according to their operational needs. The blueprint may guide pilot initiatives, but its benefits require evaluation.

For STIE Eka Prasetya

STIE Eka Prasetya could support accounting training, student community service projects, and collaborative research with expedition businesses to develop and evaluate practical governance and digital bookkeeping improvements.

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