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Impact of accounting information system quality on investment level and efficiency: An empirical analysis in Vietnam

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Abstract

This study examines the influence of accounting information system (AIS) quality on the investment level and efficiency of publicly listed companies in Vietnam, employing SmartPLS software for data analysis. The quality of AIS is conceptualized through key dimensions, including reliability, timeliness, and relevance of financial data, which are essential for facilitating informed decision-making processes. The research utilizes structural equation modeling (SEM) to analyze data from economic reports and surveys conducted with key stakeholders in Vietnamese public companies. Results indicate that implementing high-quality Accounting Information Systems (AIS) significantly enhances investment efficiency by delivering accurate and timely information, facilitating improved capital allocation and risk assessment processes. Moreover, the study identifies that reliable AIS promotes transparency, bolsters investor confidence, and expands access to external financing. The findings underscore notable associations between AIS quality and compliance with regulatory standards, emphasizing its critical role in mitigating information asymmetry and reducing agency costs. Employing SmartPLS for analysis, the research provides compelling evidence of the mediating effects of AIS on organizational performance and investment outcomes. This study underscores the strategic imperative of developing robust AIS to optimize financial resource management and foster sustainable growth, particularly in emerging markets such as Vietnam.

Keywords: Accounting Information System, Efficiency, Investment level.

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1. Introduction

Accounting information systems (AIS) quality is critical to firms' investment efficiency and decision-making processes. In Vietnam's rapidly evolving economic landscape, which is increasingly attracting foreign investment, understanding the relationship between AIS quality and investment outcomes is imperative. High-quality accounting information is a cornerstone for effective decision-making, enabling investors to assess risks and opportunities accurately.

Empirical evidence highlights the positive influence of robust AIS on investment decisions, as these systems provide timely and relevant information essential for optimal capital allocation and resource management [1-3]. Firms with superior AIS quality are shown to adopt more efficient investment practices, supported by enhanced monitoring and managerial oversight. For example, studies have demonstrated that high-quality AIS reduces the propensity for over-investment, a common consequence of inadequate information quality, often leading to resource misallocation [1, 4].

The relationship between AIS quality and investment efficiency is particularly pronounced in emerging markets such as Vietnam, where regulatory frameworks and market dynamics differ significantly from those in developed economies [3, 5]. This underscores the necessity for firms operating in Vietnam to prioritize investments in AIS enhancements to bolster decision-making processes and drive superior investment outcomes.

Furthermore, the role of high-quality accounting information in shaping investor behavior is pivotal. Investors depend heavily on the quality of financial disclosures to make informed decisions, as these disclosures facilitate the evaluation of a firm's financial health and growth prospects. Research indicates that superior accounting disclosures enhance investor confidence, improve capital allocation efficiency, and increase investment returns [2, 6]. In Vietnam, where financial literacy among investors is still developing, the importance of high-quality AIS becomes even more pronounced in mitigating risks associated with information asymmetry [7, 8].

In conclusion, the quality of accounting information systems plays a significant role in shaping investment levels and efficiency in Vietnam. As firms optimize their investment strategies, enhancing AIS quality emerges as a critical driver of sustainable growth and competitive advantage in the marketplace. This study aims to explore these dynamics comprehensively, providing empirical evidence and insights into the impact of AIS quality on investment decisions within the Vietnamese context.

The manuscript is structured into five comprehensive sections: Section I, Introduction, outlines the study's context and objectives. Section II, Literature Review, provides an in-depth review of existing literature and formulates the hypotheses. Section III, *Research Methodology*, details the research design and methodological framework employed in the study. Section IV, *Results and Discussion*, presents the core findings, critical analysis, and discussion. Finally, Section V, *Conclusion*, summarizes the study's key insights and highlights its policy implications.

2. Literature Review

2.1. Quality of Accounting Information Systems (AIS) and Quality of Accounting Information

The quality of accounting information systems (AIS) is critical in determining organizations' quality of accounting information. High-quality AIS is designed to accurately and efficiently capture, process, and report financial data, thereby improving the reliability and relevance of accounting outputs. Existing research on the relationship between AIS quality and the quality of accounting information emphasizes key findings and implications for practice and research. Anggadini [9] provides empirical evidence of a positive correlation between high-quality AIS and the quality of accounting information. The study underscores that effective AIS aligns with management objectives and ensures that the accounting information generated is reliable and relevant for decision-making. This finding supports the broader assertion that AIS effectiveness is essential for delivering high-quality accounting information, which forms the foundation of informed managerial decisions. Further reinforcing this view, Rapina, et al. [10] examine the impact of AIS quality on accounting information quality. Their findings indicate that improved accessibility and functionality of AIS significantly enhance financial data quality. The study highlights how well-designed and effectively implemented AIS facilitates superior data management, leading to more accurate and timely financial reporting. Such timely access to reliable information is particularly critical in today's dynamic business environment, where decision-making often depends on real-time data.

Aziz, et al. [11] explore the influence of top management support on AIS quality, demonstrating its downstream effects on accounting information quality. The study reveals that top management's active involvement in developing and maintaining AIS fosters better resource allocation and prioritization of information quality. This underscores the importance of organizational commitment to AIS quality as a determinant of the reliability and relevance of accounting outputs. Organizational culture also plays a pivotal role in shaping AIS quality. As Nurliyani, et al. [12] discussed, a strong culture that emphasizes transparency and accountability enhances the effectiveness of AIS, resulting in improved accounting information quality. This finding highlights the multifaceted nature of the relationship between organizational factors and AIS quality, suggesting that cultural priorities significantly influence the outcomes of accounting systems.

Moreover, Liu [13] examines the broader implications of AIS quality by analyzing its impact on investment efficiency. The study finds that high-quality accounting information—enabled by effective AIS—supports more efficient investment decisions. This demonstrates that the benefits of AIS quality extend beyond internal organizational decision-making, influencing external stakeholder perceptions and investment behaviors.

In conclusion, the literature underscores the pivotal role of AIS quality in enhancing the quality of accounting information. Accessibility, functionality, top management support, and organizational culture collectively contribute to AIS effectiveness. The implications of high-quality AIS extend beyond operational efficiency, influencing strategic decision-making and stakeholder trust. Future research should continue to explore these dynamics, particularly in the context of technological advancements and evolving business environments. Based on the review above, the first hypothesis has been proposed as:

$H_{1:}$ Quality of accounting information systems (AIS) positively impacts the quality of accounting information.

2.2. Regular Standards and Level and Quality of Accounting Information

The rigor and consistency of accounting standards profoundly impact the quality of accounting information. These standards provide a robust framework for financial reporting, facilitating consistency, transparency, and comparability across diverse entities. The adoption of high-quality accounting standards, such as the International Financial Reporting Standards (IFRS), has been empirically linked to enhancements in the quality of accounting information, thereby bolstering stakeholders' decision-making processes. Christensen, et al. [14] assert that the presence of accounting standards alone does not inherently lead to improved accounting quality; instead, the incentives driving firms to adopt these standards are critical. Their research demonstrates that while mandatory IFRS adoption can result in changes to accounting quality, the degree of these changes varies significantly across firms, underscoring the importance of contextual factors in the adoption process. This highlights the necessity for firms to possess appropriate motivations and incentives to ensure that accounting standards effectively enhance quality.

Mazzioni and Klann [15] reinforce the premise that accounting standards, particularly IFRS and US GAAP, are purposefully designed to elevate the quality of accounting information. Their findings substantiate theoretical assertions that adherence to these standards yields more reliable and relevant financial reporting. This is particularly critical in the global context, where disparities in accounting practices can lead to confusion and misinterpretation of financial data. Liu, et al. [16] provide empirical evidence that IFRS adoption improves financial reporting quality, particularly in jurisdictions with historically less rigorous standards. Their study demonstrates that transitioning to IFRS fosters enhanced transparency, accountability, and the overall quality of accounting information among reporting entities. These findings align with Iatridis [17], who notes that adopting IFRS mitigates the adverse impacts often associated with accounting transitions, thereby supporting the integrity of financial statements.

The regulatory environment further mediates the effectiveness of accounting standards. Takamatsu and Lopes-Fávero [18] argue that high-quality accounting standards deliver significant benefits in jurisdictions with robust legal frameworks, indicating a critical interplay between regulatory contexts and accounting quality. Similarly, Yip and Young [19] emphasize that adopting IFRS enhances the comparability of financial information; however, this improvement is contingent upon the alignment and convergence of local accounting practices with international standards. These findings underscore the nuanced relationship between adopting high-quality accounting standards and their practical implementation, which depends on organizational incentives and the regulatory context. Drawing upon the findings and analysis presented in the preceding review, the second hypothesis is proposed:

$H_{2:}$ Regular standards positively impact the level and efficiency of investment.

2.3. Quality Of Accounting Information and Level and Efficiency Of Investment

The quality of accounting information is a pivotal determinant in shaping investment decisions and improving resource allocation efficiency within firms. High-quality accounting information provides stakeholders with reliable and transparent data, significantly influencing investment choices and the strategic deployment of resources. This literature review synthesizes findings from key studies to explore the mechanisms through which accounting information quality impacts investment levels and efficiency.

One primary channel through which accounting information quality exerts its influence is by mitigating information asymmetry between managers and investors. Accurate and timely financial data enhances decision-making, particularly in areas such as capacity investment. Nouha [3] emphasizes that high-quality accounting information enables managers to make informed decisions regarding capacity planning, fostering efficient investment practices. This observation aligns with the broader consensus that enhanced financial transparency strengthens investor confidence and stimulates investment. Nouha's subsequent research Nouha [2] further substantiates the relationship between accounting information quality and investment efficiency, highlighting its role in informing investors about a firm's capital investments and facilitating effective monitoring of managerial activities.

The provision of high-quality accounting information also contributes to improved capital allocation efficiency. Offering clear insights into a firm's financial health enables investors to make more precise and efficient investment decisions. This is particularly salient in emerging markets, where the quality of financial reporting is critical in influencing investor behavior and determining investment levels.

Additionally, high-quality accounting information curtails earnings management practices that could otherwise lead to inefficient investments. Bhutta, et al. [20] argue that robust corporate governance measures, closely tied to the quality of financial reporting, play a vital role in mitigating earnings manipulation. By minimizing such practices, firms can avoid suboptimal investments that stem from distorted financial disclosures. This underscores the importance of adhering to stringent accounting standards to ensure investment decisions are grounded in accurate and reliable information.

The relationship between accounting information quality and investment efficiency is further demonstrated in the work of Linhares, et al. [21]. Their findings reveal that superior financial reporting reduces information asymmetry, facilitating better capital attraction and more effective resource allocation. Similarly, Beatty, et al. [22] highlight that enhanced accounting quality alleviates financing constraints, positively influencing investment levels. Their study suggests that firms with high-quality accounting practices are better equipped to attract capital, essential for funding new projects and sustaining investment initiatives.

The interplay between accounting information quality and corporate governance further underscores its significance in shaping investment decisions. Reliable and transparent financial reporting fosters trust among investors, strengthens governance frameworks, and enhances the overall efficiency of capital markets. This review highlights the indispensable role of accounting information quality in driving investment efficiency, particularly in contexts where financial transparency and governance are paramount. Building upon the findings and analyses outlined in the preceding review, the third hypothesis is formulated:

$H_{3:}$ Quality of accounting information positively impacts the level and efficiency of investment.

2.4. Regular Standards and Level and Efficiency of Investment

The influence of regular accounting standards, particularly International Financial Reporting Standards (IFRS), on the level and efficiency of investment, is a critical area of research in financial management. Adopting these standards is associated with enhanced transparency, comparability, and reliability of financial information, collectively contributing to improved investment decisions and efficiency. Firstly, adopting IFRS has been shown to enhance the quality of financial reporting, which is essential for effective investment decision-making. According to Neminebor and Aruwa [23], aligning financial statements with IFRS improves the transparency of stewardship reporting, thereby enhancing the investment attractiveness of countries and firms adopting these standards. This is echoed by Biddle et al., who argue that adopting IFRS can lead to more efficient capital investment by reducing information asymmetries between investors and firms [24]. The resulting clarity in financial reporting allows investors to make more informed decisions, thereby increasing the overall level of investment. Moreover, implementing IFRS is linked to a reduction in over-investment and under-investment behaviors. Zhao and Barua [25] found that firms subject to specific consolidation standards experienced improvements in investment efficiency, suggesting that regulatory frameworks can mitigate inefficient investment practices [25]. This aligns with the findings of Chen et al., who emphasize that high-quality financial reporting, facilitated by standards like IFRS, can significantly enhance investment efficiency by providing more precise insights into a firm's financial health and operational performance [26]. The role of accounting standards extends beyond mere compliance; they also influence the behavior of financial analysts and investors. Kim and Shi highlight that firms adopting IFRS tend to attract more analyst coverage, improving the information environment and the precision of analysts' forecasts [27]. This increased scrutiny and analysis can lead to better investment decisions, as investors can access more reliable and comprehensive financial data. Furthermore, the impact of accounting standards on investment efficiency is also reflected in the context of emerging markets. For instance, in Vietnam, adopting IFRS is seen as a strategic move to enhance the competitiveness of firms in the global market, thereby attracting foreign investment [28]. This trend underscores the importance of standardized financial reporting in fostering an investment-friendly environment, particularly in economies seeking to integrate into the global financial system. Drawing on the findings and analyses presented in the preceding review, the fourth hypothesis is articulated as follows:

$H_{4:}$ Regular standards positively impact the level and efficiency of investment.

3. Research Methodology

The study utilized the Partial Least Squares (PLS) path modeling approach to conduct comprehensive analyses, demonstrating that the overall complexity of the structural model has a minimal impact on the sample size requirements for PLS-SEM. Based on Ordinary Least Squares (OLS) regression, the PLS algorithm effectively calculates partial regression relationships, ensuring robust reliability even with a moderate sample size.

To determine the minimum sample size for the study, Cohen [29] guidelines were applied, considering an 80% statistical power, a 5% significance level, and a minimum R^2 value of 0.1. This approach established the minimum required sample size as 122. The study focused on enterprises, employing a simple random sampling technique to select participants from the registry of listed companies. Ethical approval for the study was obtained from the Institutional Review Board of the Ethical Committee at the Industrial University of Ho Chi Minh City, Vietnam, in accordance with the principles outlined in the Declaration of Helsinki.

Data was collected through a structured questionnaire distributed to CEOs, chief accountants, operational managers, and other key staff members in Vietnamese enterprises. A total of 276 valid responses were received. The questionnaire design was tailored to reflect the specific characteristics of small and medium enterprises (SMEs). It was refined based on international standards and in-depth interviews with experts in green finance. Efforts were made to simplify technical terminology related to green finance, ensuring that questions were comprehensible and contextually relevant for SMEs.

The survey incorporated a mix of multiple-choice questions and open-ended prompts to capture both quantitative and qualitative data. It was conducted through multiple channels, including online platforms, email invitations, and in-person interviews, to accommodate diverse technological access and respondent preferences. Detailed instructions and contact information were provided to support respondents, and follow-up reminders were sent to non-respondents, emphasizing the significance of their input in shaping green finance policies for SMEs.

After the data collection phase, the dataset was cleaned and analyzed using SmartPLS software to ensure accurate and meaningful insights.

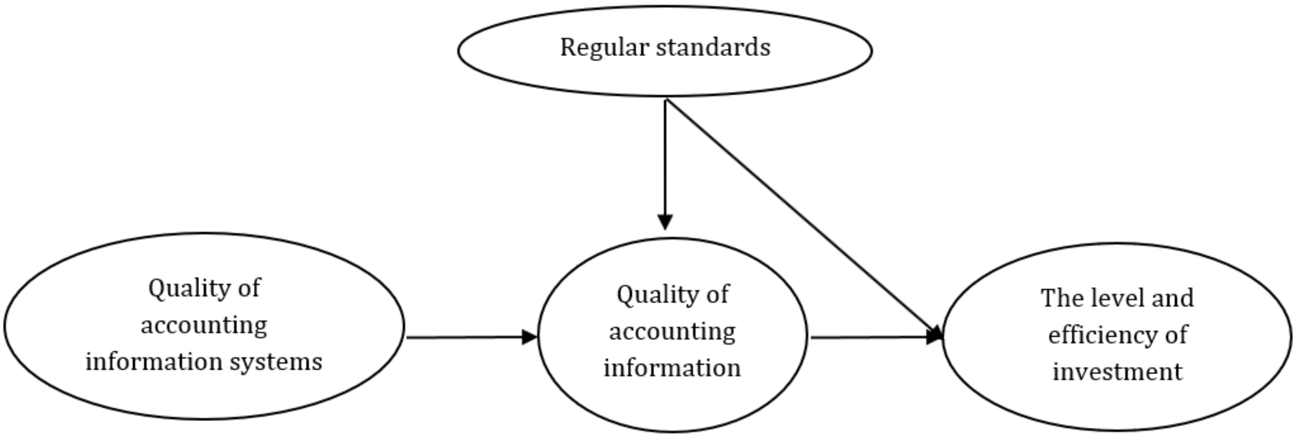

Figure 1.
Overview of the theoretical framework.

4. Results and Discussion

4.1. Research Subjects

The sample statistics, classified by industry, are systematically organized into four principal categories:

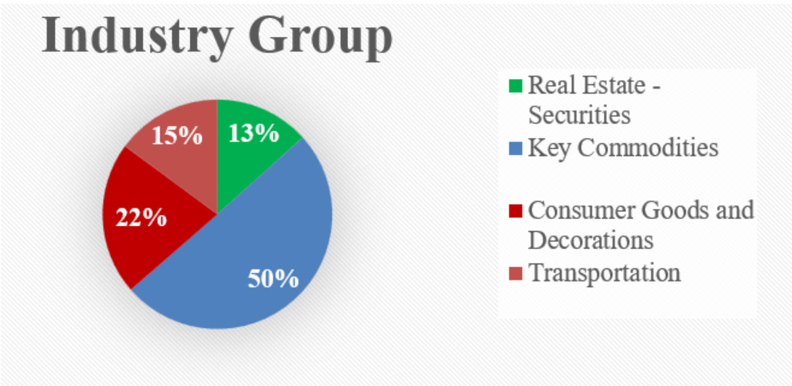

Figure 2a.
Sample statistics by industry group.

The sample statistics, stratified by education level, are systematically categorized into three principal groups:

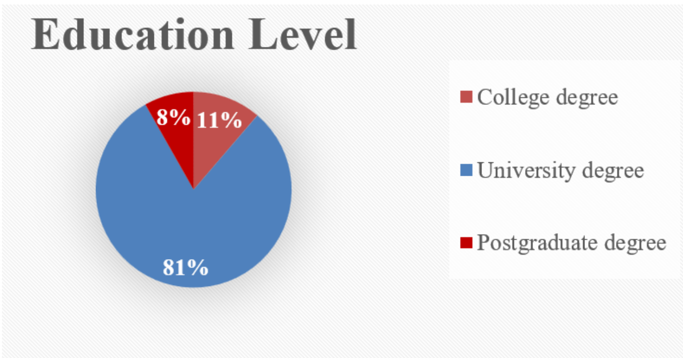

Figure2b.
Sample statistics by education level.

The sample statistics, classified based on the respondents' positions, are organized into three main categories:

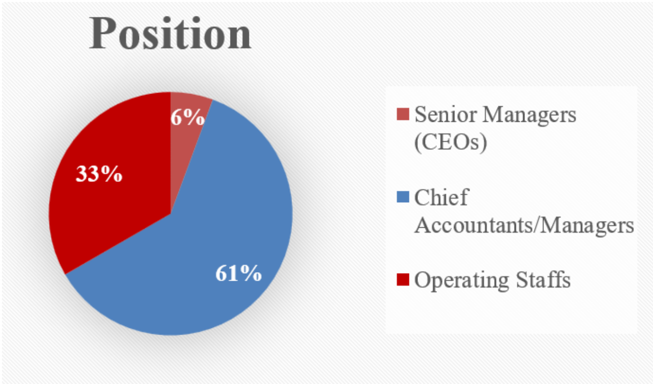

Figure 2c.
Sample statistics by position

4.2. Model Results

The results of the model analysis show that hypotheses potentially affect the level and efficiency of investment Figure 3.

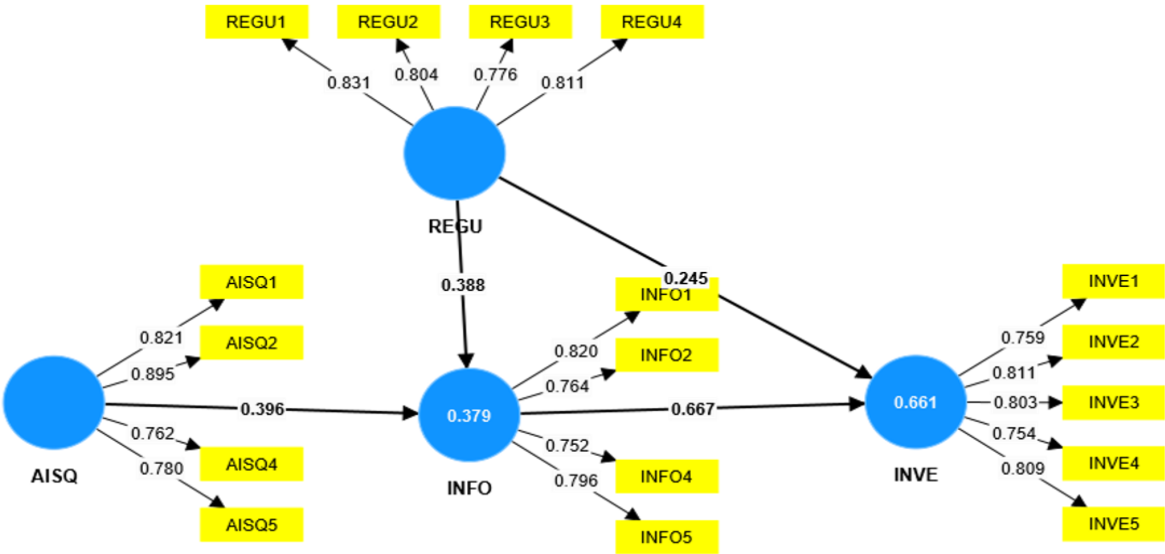

Figure 3.
The result of the research model.

Table 1 provides a summary of the measurement model evaluation conducted using SmartPLS. The analysis indicates that the outer loading values for AISQ3 and INFO3 fall below the recommended threshold of 0.708, suggesting that these indicators account for less than 50% of the variance in their respective latent constructs. As a result, these variables exhibit insufficient contributions to the model and should therefore be excluded.

The study demonstrates robust reliability, as evidenced by Cronbach's Alpha coefficients and Composite Reliability scores exceeding the established threshold of 0.7. This confirms the scale's dependability and the consistency of observed variables with their respective latent constructs. Additionally, convergent validity is substantiated by Average Variance Extracted (AVE) values surpassing the recommended benchmark of 0.6, as detailed in Table 1.

Table 1.
The outcomes of assessing the reliability coefficients.

Coding of variables	Cronbach's alpha	Outer Loading	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
	0.832	0.821	0.853	0.888	0.666
		0.895			
		0.762			
AISQ		0.780			
	0.790	0.820	0.792	0.864	0.614
		0.764			
		0.752			
INFO		0.796			
	0.847	0.762	0.848	0.891	0.620
INVE		0.810			

Coding of variables	Cronbach's alpha	Outer Loading	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
		0.800			
		0.755			
		0.809			
	0.821	0.828	0.828	0.881	0.649
		0.804			
		0.771			
REGU		0.818			

The assessment of discriminant validity using the Heterotrait-Monotrait (HTMT) ratio approach confirms that all upper confidence interval values remain below the recommended threshold of 0.85, thus substantiating the discriminant validity of the latent constructs within the primary PLS-SEM framework [30]. The HTMT indices obtained in this analysis indicate strong evidence of discriminant validity across the constructs. Notably, ESGP, SIZE, and BOD exhibit moderate inter-construct associations while preserving their distinctiveness, whereas INVE demonstrates low correlations with other constructs, reinforcing its unique position within the model. A comprehensive evaluation of the HTMT indices following the integration of variables is provided in Table 2.

Table 2.
The discriminant validity was assessed using the HTMT method.

	Heterotrait-monotrait ratio (HTMT)
INFO <-> AISQ	0.591
INVE <-> AISQ	0.540
INVE <-> INFO	0.958
REGU <-> AISQ	0.279
REGU <-> INFO	0.591
REGU <-> INVE	0.671

To explore the interrelationships among the determinants influencing the quality of accounting information and their subsequent impact on investment levels and efficiency, we employed SmartPLS software for data analysis. The methodological framework involved assessing multicollinearity through the Variance Inflation Factor (VIF) and utilizing bootstrapping techniques to evaluate the statistical significance of the path coefficients.

Table 3.
Results of inner VIF values.

	VIF
AISQ -> INFO	1.058
INFO -> INVE	1.300
REGU -> INFO	1.058
REGU -> INVE	1.300

According to the guidelines outlined by Hair, et al. [30], a Variance Inflation Factor (VIF) value below 3 indicates no significant concerns related to multicollinearity. In this study, which utilized SmartPLS for its analytical procedures, all calculated VIF values were below 2. This result confirms the absence of multicollinearity issues within the model. Table 4 provides detailed results illustrating the interrelationships among the variables.

Table 4.
Results of the research hypothesis test

Hypothesis		Original sample	Sample mean	Standard deviation	T statistics	P values	Decision
H1	AISQ -> INFO	0.396	0.397	0.056	7.101	0.000	Accepted
H3	INFO -> INVE	0.667	0.674	0.074	8.955	0.000	Accepted
H2	REGU -> INFO	0.388	0.392	0.059	6.619	0.000	Accepted
H4	REGU -> INVE	0.245	0.239	0.072	3.421	0.001	Accepted

The findings indicate that all proposed hypotheses (H1, H2, H3, and H4) are supported, as the p-values are below the 0.05 threshold, demonstrating statistically significant relationships with AISQ and INVE. The analysis reveals that AISQ and REGU exert a medium effect on INFO, while INFO significantly influences INVE. However, the effect of REGU on INVE remains moderate. Based on the f^2 values presented in Table 5, the results further quantify the effect sizes of the independent variables on INFO and INVE. Within the context of structural equation modeling, f^2 values provide insight into the relative impact of each predictor in the model. AISQ exhibits the most substantial effect on INFO ($f^2 = 0.239$), underscoring the pivotal role of accounting information system quality in enhancing the quality of accounting information. Additionally, INFO demonstrates a pronounced influence on INVE ($f^2 = 1.009$), highlighting its critical importance in determining the level and efficiency of investment. Conversely, REGU exerts a medium-level influence on INFO and INVE, as evidenced by its relatively moderate probabilities.

Table 5.
Effect size f^2

	f-square
AISQ -> INFO	0.239
INFO -> INVE	1.009
REGU -> INFO	0.229
REGU -> INVE	0.136

The R-squared and adjusted R-squared values for the endogenous variables in the structural model measure the proportion of variance explained by the predictors. For the variable INFO, the R-squared value is 0.379, while the adjusted R-squared is 0.373. This indicates that the predictors explain approximately 37.3% of the variance in INFO, with minimal reduction due to adjustments for model complexity. In the case of INVE, the R-squared value is 0.661, and the adjusted R-squared is 0.658, demonstrating that the predictors explain 65.8% of the variance in INVE. These results highlight the strong explanatory power of the model, particularly for the INVE variable.

Table 6.
R square and R square Adjusted

	R-square	R-square adjusted
INFO	0.379	0.373
INVE	0.661	0.658

The findings of this study bear substantial significance in the accounting and financial reporting field. First, the quality of accounting information systems (AIS) emerges as a critical determinant of the quality of accounting information. High-quality AIS ensures financial reporting accuracy, timeliness, and relevance, which are essential for effective decision-making across all organizational levels. The interplay among management support, organizational culture, and AIS design highlights the intricate nature of this relationship, emphasizing the need for organizations to adopt a comprehensive approach to enhance both AIS and the quality of accounting information. These findings align with the conclusions of Rapina, et al. [10].

Second, the study underscores the pivotal role of rigorous accounting standards in shaping the quality of accounting information. The efficacy of these standards depends on several factors, including incentives for adoption, the regulatory framework, and management's commitment to implementing and maintaining them. In navigating the complexities of financial reporting, organizations must prioritize adherence to high-quality accounting standards to ensure the reliability and relevance of financial disclosures. This conclusion corroborates the findings of Christensen, et al. [14].

Third, the results demonstrate that high-quality accounting information reduces information asymmetry and enhances the reliability of financial disclosures. This, in turn, supports better investment decisions and contributes to the overall efficiency of capital allocation in the economy. Improved financial reporting practices bolster investor confidence and promote sustainable growth trajectories. These insights are consistent with the findings of Linhares, et al. [21].

Lastly, adherence to accounting standards, particularly International Financial Reporting Standards (IFRS), plays a transformative role in enhancing the quality and efficiency of investment. By improving the transparency and quality of financial reporting, IFRS reduces information asymmetry, fosters investor confidence, and leads to more effective capital allocation. Empirical evidence reinforces that compliance with high-quality accounting standards fosters sustainable investment practices and drives long-term economic growth. This conclusion is supported by the research of Neminebor and Aruwa [23].

5. Conclusion

This study empirically investigates the impact of Accounting Information System (AIS) quality on investment efficiency in the context of publicly listed companies in Vietnam, employing structural equation modeling (SEM) through SmartPLS. The findings reveal that high-quality AIS significantly enhances the quality of accounting information, thereby mitigating information asymmetry and supporting optimal investment decision-making.

Notably, AIS quality positively influences transparency, regulatory compliance, and investor confidence, which collectively contribute to improved capital allocation and more effective risk management. The study also establishes a strong association between the quality of accounting information and both the level and efficiency of investments, emphasizing the pivotal role of robust AIS in emerging markets.

Furthermore, the findings highlight the importance of adherence to regulatory standards, which complement AIS quality by strengthening governance practices and fostering efficient investment outcomes. These insights offer both theoretical and practical implications, underscoring the necessity for policymakers and corporate managers to prioritize investments in AIS as a strategic mechanism to enhance financial performance and achieve sustainable growth.

Future research could expand on these findings by exploring sector-specific variations and integrating emerging technologies, such as blockchain and artificial intelligence, into AIS frameworks. Such advancements may further augment the reliability and utility of accounting information in dynamic market environments.

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