



Digital Transformation and Financial Statement Accountability: Their Impact on Organizational Competitiveness

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Abstract

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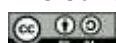
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This research aims to examine the role of digital transformation in increasing the accountability of financial statements and its impact on organizational competitiveness. Using a literature review method of several scientific articles, this study found that the digitization of financial reporting through technologies such as cloud accounting, blockchain, and digital accounting information systems makes a significant contribution to the transparency and efficiency of financial information. The results of the study show that organizations that implement digital systems with high accountability tend to have a stronger competitive advantage because they are able to build stakeholder trust and speed up the decision-making process. However, the effective implementation of digital transformation requires the readiness of human resources, a supportive organizational structure, and a work culture that is adaptive to change. This study concludes that the synergy between digital transformation and financial statement accountability is a strategic foundation to increase organizational competitiveness in a sustainable manner in the digital era.



1. Introduction

In the era of the industrial revolution 4.0, digitalization has become the foundation of organizational transformation in various sectors, including in the fields of finance and accounting. Digital transformation refers to the use of information and communication technology to change business processes as a whole, including in the presentation of financial statements that are more transparent, real-time, and accountable. This change is not only about technology adoption, but touches on structural, cultural, and strategic aspects of the organization (Nugroho et al., 2022). Digitalization requires organizations to adapt quickly to remain competitive in an increasingly dynamic business environment.

One of the significant impacts of digital transformation is the increasing need for financial statement accountability. Accountability in this context refers to the responsibility of delivering accurate, timely, and accountable financial information to stakeholders. The availability of digital technologies such as cloud-based accounting information systems, artificial intelligence (AI), blockchain, and big data analytics, provides great opportunities in improving the accountability and reliability of organizational financial reporting (Alonge et al., 2024).

However, the implementation of digital technology in financial reporting also brings its own challenges. Many organizations, especially the public sector and MSMEs, still face obstacles in terms of digital literacy, technological infrastructure, and organizational culture that are not ready to transform (Fauziah & Firdaus, 2024). High accountability can only be achieved if the organization is able to build a system

that is not only technologically transparent, but also upholds the principles of ethics and good governance.

The relationship between digital transformation and financial report accountability has a great influence on organizational competitiveness. Organizations that are able to manage financial statements accountably and utilize digital technology effectively will have a competitive advantage in terms of operational efficiency, investor confidence, and market adaptation. Digital transformation can also strengthen organizational capabilities in data-driven decision-making, which ultimately increases company responsiveness and innovation (Rhamadani & Sisdianto, 2024).

This literature study aims to explore the relationship between digital transformation and financial statement accountability and its impact on organizational competitiveness. This research uses a literature study approach that covers a wide range of scientific in last five years, both from national and international journals. The focus of the study includes a conceptual understanding of digital transformation and accountability, the dynamics of technology implementation in the financial reporting system, and how the combination of the two affects organizational competitiveness in a global context.

By examining various academic perspectives and current practices, this study is expected to contribute to the development of financial digitalization strategies that are not only oriented towards efficiency, but also on accountability and competitive advantage. This research is also important as a reference for organizations, especially

the public sector and MSME actors, to formulate digital policies and strategies that are able to encourage sustainable growth and integrity in the digital economy era.

2. Literature Review

2.1. Digital Transformation in Organizations

Digital transformation is the process of integrating digital technology into all aspects of business and organizational operations. This includes not only the use of new software and systems, but also transformations in organizational culture, structure, and strategy (Leso et al., 2023). In this context, digital transformation creates organizations that are more adaptive, responsive to market changes, and able to process and analyze data in real-time to support more informed decision-making. The application of technologies such as Enterprise Resource Planning (ERP), Artificial Intelligence (AI), blockchain, and cloud computing has been proven to increase the efficiency and effectiveness of company operations (Aziz et al., 2024).

In the financial sector, cloud-based digital accounting information systems enable instant transaction recording and automated financial statement processing, thereby reducing the risk of errors and data manipulation. However, the challenges in digital transformation are not few. Problems such as low digital literacy, employee resistance to change, and budget limitations are still major obstacles, especially in small and medium-scale organizations. Therefore, a comprehensive strategic approach is needed so that digital transformation is not only a technology project, but also a paradigm shift in running an organization (Fauziah & Firdaus, 2024).

2.2. Financial Statement Accountability in the Digital Era

Accountability in financial reporting is an important element in organizational governance. Accountability means that the organization is obliged to submit financial statements that are honest, transparent, timely, and in accordance with applicable accounting standards. In the digital era, financial report accountability can be strengthened through the application of technology that supports information transparency and traceability (Alonge et al., 2024). The use of technologies such as blockchain provides a very powerful trail audit capability, which can record every transaction chronologically and irreversibly. This is very important in reducing the risk of fraud and increasing investor and regulators' confidence in the company's financial statements (Rhamadani & Sisdianto, 2024).

In addition, digitalization encourages the improvement of the quality of internal and external audits. Technology enables a more accurate and comprehensive data-driven audit process, thereby narrowing the loophole for manipulation. Financial reports can also be delivered online and interactively, reaching stakeholders in real-time. However, accountability is not only a technological responsibility, but also management integrity, a good supervisory structure, and regulatory compliance (Ridho et al., 2024).

2.3. Organizational Competitiveness and the Role of Digital Transformation

An organization's competitiveness is measured by its ability to excel in market competition through efficiency, innovation, product/service quality, and responsiveness to customer needs. Digital transformation makes a significant contribution to these aspects through process automation, strengthening data

analytics, and faster and integrated cross-functional collaboration (Sumarna, 2020). Studies show that organizations that utilize digital technology strategically can create high added value and build competitive differentiation in the market. For example, in the MSME sector, the use of digital platforms for accounting, marketing, and logistics helps accelerate business cycles and reduce costs (Wang, 2023).

Additionally, transparent and accountable financial management can improve an organization's reputation in the eyes of investors and business partners. However, competitiveness is not only the result of technology adoption, but synergy between business strategies, human resource capabilities, and digital infrastructure. Successful digital transformation that contributes to competitiveness requires management commitment, continuous training, and continuous innovation. Therefore, organizations need to place digital transformation at the core of their business strategy, not just supporting projects (Siagian, 2024).

3. Method

This study uses a literature review approach with a descriptive-qualitative method. This method was chosen because it allows researchers to review, criticize, and synthesize various scientific works relevant to the topics of digital transformation, financial report accountability, and organizational competitiveness. This approach is considered appropriate to explore the theoretical and conceptual understanding of a developing phenomenon without having to conduct primary data collection such as surveys or interviews. The main focus in this method is to analyze the relationship between digitalization and accountable financial reporting and its

impact on organizational competitiveness, leveraging the scientific literature that has been published in last five years.

The data collection process is carried out systematically through the Google Scholar academic search engine using keywords such as “digital transformation”, “digitization of financial statements”, “financial accountability”, “organizational competitiveness”, and “digital accounting information system”. The selected articles come from national and international journals that are indexed and have a credible academic reputation. Articles that are not available in full text, are not thematically relevant, or do not fit the research time range are automatically removed from the literature under review. From the results of the initial search and selection, some articles were obtained, but after going through a more in-depth content review stage, several scientific articles were selected that were the most relevant and met the inclusion criteria.

The steps taken in this method include identification of appropriate literature, selection and filtration based on abstracts and keywords, as well as an in-depth study of the content of the selected articles. Data obtained from the literature were then analyzed using a thematic synthesis approach, where research results from various sources were grouped based on major themes, namely: the role of digital transformation in financial reporting, the influence of digitalization on accountability, and the relationship between the two with increasing organizational competitiveness. The analysis was conducted narratively to explore the causal relationship, as well as to compare the results of various relevant studies.

In maintaining the validity and validity of the data, the researcher used the source triangulation technique by comparing findings from various literature originating from different sectors and organizational contexts. In addition, a critical evaluation of the methodology used by each article is also carried out to ensure that only sources with strong methodology are used as a basis for the formation of arguments. Thus, the results of this literature study are expected to not only provide a descriptive picture, but also provide a solid theoretical contribution and can be used as a reference in strategic decision-making at the organizational level.

4. Results

Digital transformation has been a catalyst in changing the way organizations compile, present, and account for financial statements. In this context, technology no longer only plays a role as an administrative tool, but as the main driver in realizing the efficiency, reliability, and integrity of financial information. Based on the results of literature studies from various recent scientific journals, it was found that organizations that have adopted digital technology show significant improvements in the quality of financial reporting, both in terms of speed, accuracy, and transparency. The ability of modern accounting information systems to manage data automatically and integration across functions in organizations makes the financial reporting process faster and less human error (Kimani, 2024). The application of technologies such as cloud-based accounting information systems, big data analytics, and blockchain has enabled more efficient and auditable reporting

processes, thus supporting informed decision-making based on up-to-date and valid data.

As revealed by Alonge et al. (2024), the cloud accounting system in MSMEs facilitates real-time transaction recording and allows business owners to access financial statements anytime and anywhere. This is especially relevant in the context of business competition that demands speed of response and agility in adjusting financial strategies. Cloud accounting also opens up opportunities for continuous financial monitoring without having to rely on manual collection of month-end data, which is often prone to errors and delays. With reports that are directly connected to daily financial activities, business owners can control the condition of cash, debt, receivables, and inventories more accurately. This directly improves their responsiveness to business changes, as well as reduces the risk of losses due to untimely or incomplete information.

Furthermore, the digitization of financial reporting is also positively correlated with increased organizational accountability. Accountability, in this sense, is not only about the ability to report financial formally, but also about transparency, openness, and compliance with regulations and professional standards. Blockchain technology, for example, provides a digital track record of every financial transaction, thereby reducing the potential for data manipulation or loss by irresponsible parties. Rhamadani and Sisdianto (2024) stated that blockchain-based audits are able to ensure end-to-end data integrity and strengthen the internal supervision system. With blockchain implementation, any changes to the reporting

system are permanently recorded and can be traced transparently, which ultimately narrows the space for fraud to occur in the organization's financial system.

In the context of public organizations, digital transformation also increases the effectiveness of public fund management, especially in supporting a transparent and open financial reporting system. Ridho et al. (2024) in their research emphasized that with big data analytics, Islamic financial institutions can analyze the trends in the use of funds in depth and develop a more accurate and responsible budget allocation strategy. The use of big data also allows public agencies to create financial performance reports that are not only numbers-based, but also show correlation with program results and satisfaction of public service recipients. This not only increases accountability, but also builds public trust in the institution, especially in the context of the use of public funds.

The impact of digital transformation on organizational competitiveness is also quite significant and multidimensional. Wang (2023) in a case study on start-ups in the digital economy sector show that the digitalization of financial management helps accelerate the financial cycle, strengthen income and cash flow statements, and improve capabilities in long-term financial planning. This is a critical factor in maintaining the sustainability of start-ups' businesses, which are highly dependent on the speed of adaptation to market changes and consumer preferences. In addition, digitalization allows companies to more accurately project capital needs and assess the effectiveness of business strategies more holistically. The ability to respond quickly to market and investor needs through accountable financial reports

makes organizations more competitive in global markets, where trust in financial integrity is a key benchmark in establishing business partnerships.

Sumarna (2020) added that financial accountability supported by digital systems has a positive reputational effect on the organization's brand. Organizations that are able to demonstrate financial transparency tend to gain higher trust from customers, business partners, and regulators. This increases the value of trust from customers, as well as strengthens relationships with other stakeholders. In the era of a trust-based economy, an organization's reputation in managing finances is part of intangible assets that can increase the overall market value of the organization.

On the other hand, various challenges are also found in the implementation of digital transformation, especially among MSMEs and non-profit organizations. Problems such as limited IT infrastructure, low digital literacy of staff, and resistance to change are the main obstacles that slow down the process of digitizing financial statements. Fauziah and Firdaus (2024) emphasized the importance of digital financial literacy programs and continuous training to equip human resources with adequate technical competencies. Without the support of sufficient human resource capabilities, digital transformation will only become a formality that does not bring real changes to the organization's accountability system. In many cases, the failure of digital system implementation occurs not because of the technology itself, but because of the organization's low readiness to make structural and cultural adaptations. Siagian's research (2024) even shows that national digital transformation will be difficult to achieve without the support of strategic policies and the development of highly competitive digital human resources. This means that the role

of the state and educational institutions is very central in forming a conducive digital ecosystem.

The adoption of digital technology in financial reporting also requires organizations to update internal control systems and strengthen governance. The use of ERP (Enterprise Resource Planning) systems has proven to be effective in integrating various organizational functions, from accounting to inventory management, as well as providing holistic and timely reports (Riana et al., 2024). ERP helps create end-to-end visibility over an organization's financial operations and ensures no process runs in silos. However, an ERP system will only be effective if it is supported by leadership commitment and collaboration across work units. These complex systems require careful planning, intensive training, and regular evaluation and audit of the system. Therefore, the role of digital leadership is crucial in ensuring the success of digital transformation, where organizational leaders must be agents of change who are able to inspire and facilitate the adoption of technology at all levels.

Theoretically, the linkage between digital transformation, financial report accountability, and organizational competitiveness can be explained through an integrative framework. First, digital transformation acts as an enabler that drives the efficiency and transparency of reporting systems through automated systems and integrated databases. Second, an accountable reporting system increases the credibility of the organization in the eyes of internal and external stakeholders, because it produces reports that are trustworthy, verified, and in accordance with standards. Third, this increase in credibility will encourage market confidence,

expand access to financing sources, and strengthen the organization's competitive position in the industry. This process forms a circle of strategic excellence that is mutually supportive and sustainable. The et al. (2023) in his research on Islamic microfinance institutions found that the integration between digital transformation and the organization's ability to manage change (dynamic capabilities) is the key to creating sustainable innovation and competitive advantage.

This study also found that the accountability aspect is not only related to the submission of financial statements, but also to the way the organization builds trust through information disclosure and stakeholder involvement. Digital transformation allows for the creation of more participatory and collaborative reporting systems, such as interactive dashboard-based financial reporting and public e-reporting systems. This expands access to financial information to all stakeholders, including the public, auditors, investors, and donor institutions. This opens up opportunities for the public and stakeholders to access financial information directly and provide constructive feedback on the organization's financial statements. In the long run, reporting models like this can reinforce the ethical values of the organization and form a culture of transparency, which is the foundation of sound and modern governance.

In terms of strategic impact, many organizations have experienced accelerated growth and expansion after digitizing finances. The application of automation in accounting processes also allows for savings in operational costs, reduced administrative burden, and the allocation of human resources to more strategically valuable activities such as financial analysis and business planning. Research by

Umami et al. (2023) found that MSMEs that implement digital-based internal controls show significant improvements in the quality of financial statements and the effectiveness of managerial decision-making. With increased accountability, organizations are also better prepared to face external audits and increase opportunities to obtain external funding, both from financial institutions, private investors, and government programs.

However, the effectiveness of this entire transformation is highly dependent on contextual factors such as industry, organizational capacity, and available digital ecosystem support. Organizations operating in the service sector or the public sector, for example, require a different approach to digitalization compared to the manufacturing or financial sectors. Similarly, regulatory and data protection factors are also challenges in managing digital reporting systems. Cybersecurity issues, compliance with data privacy standards, and compliance with local and global regulations such as GDPR are important concerns in developing reliable digital systems. Therefore, digital transformation strategies in financial reporting must be adaptive, participatory, and risk-based in order to be able to answer complex challenges in an increasingly digitized and disrupted business environment. Overall, this study shows that the synergy between digital transformation and financial statement accountability contributes significantly to improving organizational competitiveness. By leveraging technology strategically and building an accountable reporting system, organizations can form a strong governance foundation and create a sustainable competitive advantage in the digital age.

5. Discussion

Based on the results of the literature review that has been presented in the previous chapter, it can be concluded that digital transformation plays a very important role in forming a more accountable financial reporting system and supporting the improvement of organizational competitiveness. However, this transformation is not solely technical, but strategic and systemic because it touches various aspects of the organization, ranging from business processes, governance structures, to work culture. In this context, digital technologies such as cloud-based accounting information systems, blockchain, big data analytics, and Enterprise Resource Planning (ERP) not only serve as tools, but as key elements in more accurate, fast, and trustworthy financial decision-making.

Discussions from various sources show consistency in findings regarding the main benefits of digital transformation, namely increasing the efficiency, transparency, and responsiveness of financial statements. Several studies such as those conducted by Alonge et al. (2024) and Riana et al. (2024), show that the application of cloud accounting has succeeded in streamlining the process of recording transactions and managing reports, especially at the small and medium business scale. This system is able to present reports in real-time and allows continuous monitoring by business owners or management. This is important in accelerating the decision-making process and increasing external trust in the organization's financial condition.

However, the benefits of digital transformation cannot be obtained automatically without organizational readiness. Studies from Fauziah and Firdaus

(2024) and Siagian (2024) underscore the importance of human resource readiness and organizational structure in implementing new technologies. Many organizations fail in the digitalization of the financial system because they do not have a strong change strategy or do not build digital literacy on all fronts. This indicates that digital transformation should be seen as a cultural change, not just a software replacement. In other words, technology adoption must be accompanied by managerial commitment, training, and adaptive and participatory governance.

In terms of accountability, the literature discussion shows that digital technology can be the main instrument in strengthening internal control and financial transparency. The presence of automated trail audits and blockchain-based reporting systems, for example, facilitate the audit process and minimize the risk of manipulation. This is crucial in building the financial integrity of the organization, which ultimately strengthens the public image and attracts the interest of investors or donors (Rama & Yaman, 2024). In line with that, the ability to deliver accurate and transparent financial reports on a regular basis is one of the key determinants in building an organization's competitive advantage, especially in an increasingly digitized and connected market.

The competitiveness of an organization in the digital era is no longer determined only by the excellence of the product or service, but also by how quickly and accurately the organization processes, analyzes, and reports financial information. Organizations that are able to demonstrate high accountability and transparency in their financial reporting will more easily gain the trust of investors, business partners, and the public. Therefore, strengthening accountability through

digital transformation must be part of the organization's long-term strategy in creating added value and maintaining a competitive position in the market. This discussion generally emphasized that digital transformation and financial report accountability are closely related in shaping sustainable organizational competitiveness. The synergy between the two can create an organization that is not only efficient, but also transparent, adaptive, and superior in the midst of global competition challenges.

6. Conclusion

This study concludes that digital transformation plays a very crucial role in increasing the accountability of financial statements and indirectly strengthening the competitiveness of organizations. Digital technologies such as cloud-based accounting information systems, blockchain, and big data analytics have provided great opportunities for organizations to present financial reports faster, more accurately, and more transparently. With an integrated digital system, the reporting process becomes more efficient and can be accounted for to stakeholders in real-time. This creates greater trust from investors, business partners, and the public in the performance and integrity of the organization. Effective digital transformation depends not only on the technology itself, but also on the readiness of the organization in terms of structure, work culture, and human resource competence.

Failure to build synergy between technology and non-technical organizational aspects can hinder the achievement of accountability and competitive advantage goals. Therefore, digital transformation must be part of a comprehensive managerial

strategy, including strengthening digital literacy and building governance capacity. With the increasingly complex global business environment and increasing demands for transparency, organizations that are able to integrate financial accountability in the digitalization process will have a sustainable competitive advantage. This study provides a theoretical and practical basis that digital transformation is not only a technological necessity, but also an important strategy in building an adaptive, integrity, and highly competitive organization.

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